CHAPTER - 7

SUGGESTIONS & RECOMMENDATIONS

7.1 Internal Measures

7.2 External Measures
CHAPTER - 7

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On the basis of the research study and analysis of the data, the researcher would like to state the following suggestions and recommendations to improve the practices in CSR. These suggestions, if implemented, may go along way toward making CSR an integral part of the business scenario in Pune and make Pune a coveted city to work and live in.

![Fig 7.1 Suggested Recommendations](image-url)
7.1 INTERNAL MEASURES

7.1.1 POLICY

7.1.1.1 Companies which have a long standing tradition of CSR should bring about awareness in the business fraternity about the need to clearly verbalize the intent to do something in the community by means of creating a policy for the CSR initiatives to be undertaken by them and making it available to the public on their websites.

7.1.1.2 The concept of ethics in business must not be separated from ethics in personal life or any other living or working environment.

7.1.2 IMPLEMENTATION STRATEGY

7.1.2.1 Companies should create a CSR roadmap for themselves annually and ensure implementation of the same. This can be ensured by sensitizing the top management and employees towards issues which can be undertaken by both the companies and individuals in the community.

7.1.2.2 Sensitization of employees can be done at two stages- at the time of orientation training and as an ongoing training module.
7.1.2.3 Employee initiatives must be encouraged, whether it is payroll
giving, donations in kind or man-hours put in social work. Such
efforts must be lauded and if it is possible, firms should provide
for a few man-hours per employee per annum towards
community work.

7.1.2.4 Another way in which companies can support good causes and
involve their employees is by establishing internal donation
programs. Employees can nominate a cause or charity and the
company can match it by an equivalent amount.

7.1.2.5 Strong employee commitment to CSR raises the public’s
perception of a company’s CSR activities. It is important for
these activities to be viewed as sincerely undertaken actions;
otherwise there may be a negative impact on the company’s
image and its sales.

7.1.2.6 Social and environmental responsibility measures along the
supply chain should also be given due importance so that these
measures can percolate downwards and create a larger degree of
compliance in the business community.

7.1.2.7 A CSR policy should not only be communicated top-down but
should be supported by a credible stakeholder assessment and
dialogue as well as clear implementation measures.

7.1.2.8 To ensure that reporting is more than a checklist approach;
ethical and socially responsible practices must be
institutionalized within the organization. An annual survey/feedback mechanism can bring forth new ideas for CSR.

7.1.2.9 Companies with multiple locations must assess the needs at their local levels and have a local component in their policies.

7.1.3 FOCUS AREAS

7.1.3.1 Even if the CSR measures of the company are generalized and more in the nature of a response to a request for aid, companies should define their focus areas either issue wise or geographical area wise so that there can be a uniform social development.

7.1.3.2 As far as possible the company must try to link its CSR activity to its area of expertise. The researcher however concedes that this might not be feasible in all cases.

7.1.3.3 Companies could stimulate greater employment of women and of physically challenged people in the workforce by developing affirmative action plans.

7.1.3.4 Voluntary environmental initiatives for the benefit of the community and not related to the company’s operation must be undertaken by all firms.

7.1.3.5 More companies should come forth and undertake measures which contribute towards nation building in the form of skill development/employment generation or infrastructure building.
7.2  EXTERNAL MEASURES

7.2.1 REGULATION

7.2.1.1 The government can institute tax subsidies / rebates to companies for the expenditures on CSR by them as it does for R&D expenditure.

7.2.1.2 Companies should be mandated to prepare a non-financial report (Corporate Social Responsibility report) or at least include a section on CSR in their annual reports. This would indirectly mean that they will be forced to participate in community initiatives if they are not already doing so. The distinction between Corporate Governance and external CSR must be clearly understood.

7.2.1.3 Companies above a certain level of profitability must define the minimum amount which they will spend on CSR activities as % of their incomes and also have an incremental value on the previous year’s spend. This minimum level can be arrived at as a consensus figure by Trade Associations and Chambers Of Commerce of the state.

7.2.2 REPORTING

7.2.2.1 Measuring a company’s impact on communities is not an easy task. Companies tend to report on what might be ‘easier’ to
report on but not necessarily what matters. CSR reports must be a public communication tool for informing shareholders, personnel and the society in general on how, and how fast, the company reaches its goals regarding economic growth, public welfare and environmental sustainability stated in its strategic development plans.

7.2.2.2 The concept of auditing of social measures by independent agencies is one way of verifying facts. Newer, need based metrics should be devised for measuring CSR efforts.

7.2.3 CREDIT
7.2.3.1 In addition to the awards at the state and national level for the most responsible corporate citizen, the city administration/ trade associations could also encourage companies to participate actively in CSR by honoring them with an award / citation.

7.2.4 INTERACTION & AFFILIATIONS
7.2.4.1 Companies which do not have a CSR arm in the form of a trust or a foundation for implementing their CSR objectives can develop an in-house CSR team comprising of a senior official, an NGO representative or other stakeholders to monitor implementation of the CSR activities for the company. This will ensure greater employee involvement.

7.2.4.2 Exchange of CSR information must be encouraged because sharing of information on initiatives is critical for a harmonious solution to the social problems in the city. There can be a city
based coordinating forum for the initiatives which require attention from the corporates. A company can devote some percentage of its resources towards this nodal agency. Such a nodal agency can facilitate the interaction between NGOs, government bodies and corporates. Coordination between companies in their external CSR activities can ensure better utilization of scarce economic resources and vast, varied expertise.

7.2.4.3 All NGOs operating in the city must have defined linkages to one or more corporates, depending on their target activities. This will to some extent make the CSR spending of companies and expense of earmarked funds by NGOs more transparent and infuse funds into the development sector.

7.2.4.4 There have to be more private public partnerships for addressing the infrastructural shortfalls faced by the municipal corporation. The researcher wishes to clarify that this by no means is to state that CSR is a vehicle for mobilizing corporate effort in a range of issues in society generally considered to be the responsibility of governments. However, corporate involvement can ensure efficient and timely performance of those objectives.

7.2.4.5 Companies should have a more symbiotic relationship with the education sector and should include experience sharing, mentoring and industrial training / internships as a community initiative. This will foster a closer association between industry and academia.
7.2.4.6 Such an association will also encourage greater meaningful research which can identify means by which the requirements of the industry can be integrated in CSR education by embedding it in management related programs.

In their quest to do good, Indian companies are tentatively acting in varied directions. Few are going about their corporate socially responsibility (CSR) by mainstreaming social responsibility in to every business decision, even extending it to their supply chains. There are companies that have taken CSR to be making up for or undoing the harm to the ecosystem from their pollution-spewing factories or mining of the earth. CSR to them is limited to treating effluents and rehabilitating tribals dislocated to make way for industrial plants. In no way dispensable, these pursuits alone do not make them socially responsible. Some companies pursuing CSR are doing it in isolated, localized islands within their businesses. The efforts of CSR departments or foundations of these companies are no less worthy, but do not amount to enlightened CSR.\(^1\)

The researcher formulated the hypothesis that CSR in the large scale Indian corporates in Pune is philanthropy-centric. It is not supported by strategic business policies. Keeping this in mind the researcher collected data pertaining to various aspects of CSR and after analyzing and testing the data the researcher has
arrived at the conclusion that the hypothesis is tested and proven true.

Last but not the least, the researcher would like to tell the companies to celebrate the CSR initiatives already underway and focus on low cost CSR initiatives if their budgets are limited because every small effort will go a long way in building a beautiful tomorrow. Proactive corporations will tend to move toward a strategic CSR perspective; leveraging CSR to more efficiently create and maintain competitive advantage.

Three elements are important in the process of a firm’s engagement in and communication of corporate social responsibility. They are visibility, virtue and verifiability - visibility of information; virtue by backing up statements by actual behavior and, finally, verifiability by allowing access to information. In conclusion, the researcher would like to quote Prime Minister Man Mohan Singh who has defined CSR in the current context with his Ten-Point Social Charter.
1. Invest in worker welfare and health, their children’s education. Give pension and provident fund benefits.

2. Factor in community needs around operations; don’t define CSR by tax planning alone.

3. Pro-actively employ the less privileged at all levels. Deliver credible results at an early date. Make work places conducive to the employment of physically less-abled.

4. Resist excessive remuneration to promoters and senior executives and discourage conspicuous consumption.

5. Invest in skill-building and education to make the youth employable.

6. Desist from non-competitive and restrain cartel-type behavior.

7. Invest in environment-friendly technologies, conserve national resources and ecology, and avoid wasteful consumption.

8. Promote enterprise and innovation within firms and outside.

9. Develop Codes of Conduct for business practices and for fighting corruption.

10. Promote socially relevant messages and causes in the media.

Fig 7.2 Prime Minister Man Mohan Singh’s Ten-Point Social Charter
Today, when impact assessment of the consequences of business decisions has become critical for business survival, the ultimate goal could be to make CSR the core of business. Successful products and profits will then be the naturally positive outcomes.

Business makes the world go round - it creates wealth, which generates jobs and, therefore, taxes to pay for social infrastructure and so it affects everyone's life. Today a sensible business also knows that corporate social responsibility is good for the business, the employees, in whom it generates motivation and productivity, and the community.

Therefore, CSR has to be part of the genetic makeup of a company with everyone involved because they want to be involved. Public awareness about ethical issues in business also adds to the pressures placed on business which would previously have been handled by the government, but, given the enormity of the problems to be resolved, these days governments cannot address social challenges alone. Businesses now need to address a wider range of issues.

Today, businesses are doing far more than ever before to tackle the sustainability challenge by recognizing their social responsibilities, reducing their environmental impacts, guarding against ethical compromises, creating governance transparency and becoming more accountable to their stakeholders.

The government has to also proactively play the part of an enabler and come out with more incentives and stringent standards for corporates to
align their economic goals to social and welfare objectives and work
towards accomplishing the larger national goal of successfully
accomplishing the Millennium Development Goals (MDGs) by 2015.

There might be a day in the future when companies are not ranked only
by their financial performance, but also on the basis of their CSR
activities. Corporate strategy has to be developed taking into account
environmental and social opportunities as part of business opportunities,
and strategic capabilities should be developed to exploit efficiently such
opportunities.

Today, Corporate Social Responsibility is one of the most important
global issues with serious challenges and implications on almost all
sectors. Developing economies are coping with issues related to poverty,
child rights, community welfare etc and the developed ones too have their
own typical issues.

Though there have been evidences that record a paradigm shift from
charity to a long-term strategy, yet the concept still is strongly based on
philanthropy to a very large extent. There is a need to bring about a
change in the mindsets of people about the concept. It is essential for
corporates to adopt a long term policy rather than resorting to short term
measures they should involve the workforce, civil society organizations,
government agencies, other companies and academic institutions in the
long drawn process of positive social transition. A successfully
implemented CSR strategy calls for aligning CSR initiatives with
business values.
It may be stated that in any given society, neither are all social demands ethically correct, nor are all ethical requirements covered by social demands. The need of the hour is for all the concerned parties to make a combined attempt to fill the gap. Developing a corporate value system that contends with social obligations in tandem with its economic perspective is a daunting job. But if a corporate manages to achieve that subtle equilibrium, the rewards are many and sustainable.

A corporate responsibility driven business philosophy brings about leadership status for the concerned company as it can then shape the expectations of the marketplace and thus define the character of the industry, economy and not to say the least that of the nation.