



Corporate Social Responsibility: Perceptions of Indian business

Published by the Centre for Social Markets
London/ Calcutta July 2001
www.csmworld.org

Research & Compilation: Kate Brown
Editing: Malini Mehra

CONTENTS

PREFACE	1
I. INTRODUCTION	2
II. OVERVIEW OF RESPONDENTS	2
Industrial sector	2
Size	3
Geographic presence	3
III. POLICY AND REPORTING PROFILE	4
IV. CORPORATE CITIZENSHIP: WHAT DOES IT MEAN?	4
Nothing much	5
Commitment to society	5
Responsibility to stakeholders	6
Labour	6
Environment	7
Education	7
V. BUSINESS AND SOCIAL PERFORMANCE	8
National wealth	9
Employment	9
Training	9
Environment	10
Social programmes	10
Unusual expressions	11
Action beyond words?	12
Do we need more?	12
VI. BUSINESS AND THE ENVIRONMENT	13
Minimize pollution	13
International accreditation	14
Reducing waste at source	14
Thinking Green beyond the plant	15
VII. COMPANY STAKEHOLDERS (GRAPH A)	15
VIII. CHANGING ATTITUDES? (GRAPH B)	16

IX. BUSINESS SUCCESS: WHAT DOES IT TAKE?	18
Bottom-line smarts	18
Commitment to stakeholders	19
Good labour relations	19
Top management	20
Corporate Social Responsibility	21
X. IS THERE A LINK? CORPORATE CITIZENSHIP & CORPORATE MIGHT	21
XI. BUSINESS OBSTACLES	22
Do or die	22
Short-term thinking	23
Government	24
Corruption	25
Unprofessional management	25
Lack of ethical values	25
XII. EXEMPLARY COMPANIES	26
Admirable business strength	27
Social responsibility leadership	27
XIII. INDIVIDUAL MERIT	28
International scene	28
Business smarts and hard work	29
Great humanitarians	29
APPENDIX - I	31
10-QUESTION ATTITUDE SURVEY	32

PREFACE

Corporate citizenship may be a new term, but it is not a new concept. Nor is it alien to developing countries. In 1965, the then Prime Minister of India presided over a national meeting that issued the following declaration on the *Social Responsibilities of Business*:

“...[Business has] responsibility to itself, to its customers, workers, shareholders and the community ... every enterprise, no matter how large or small, must, if it is to enjoy confidence and respect, seek actively to discharge its responsibilities in all directions ...and not to one or two groups, such as shareholders or workers, at the expense of community and consumer. Business must be just and humane, as well as efficient and dynamic”.¹

Business is facing challenging times world-wide. Increased competition and commercial pressure are combining with rising regulatory standards and consumer demand to create a whole new playing field for business. Traditional expectations of business are also changing. It is no longer enough to simply employ people, make a profit and pay taxes. Companies are now expected to act responsibly, be accountable and benefit society as a whole.

This is the new agenda of corporate social and environmental responsibility (CSEER) or corporate citizenship. From a trickle, it has become a wave sweeping boardrooms across the world. Astute business leaders have been quick to embrace this new ethos spotting its potential for ‘triple bottom line’ benefits: profit for the *economic* bottom line, the *social* bottom line and the *environmental* bottom line.

But what does corporate citizenship mean for modern Indian business? How are Indian businesses interpreting the new language? How are they responding and how can they provide leadership?

This survey attempts to answer these questions and provide insight on the self-identified needs, and solutions, offered by Indian business.

The survey has been conducted by the Centre for Social Markets (CSM), a UK and India-based non-profit organisation dedicated to promoting the *triple bottom line* and accountability in commercial and public life.

¹ Quoted in Mohan, A. *Journal of Corporate Citizenship*, Summer 2001

I. INTRODUCTION

This report presents a broad brush picture of modern Indian business' perceptions of, and attitudes towards, corporate social and environmental responsibility (CSER) based on a survey conducted by CSM in Spring 2001. Companies surveyed were asked for both their impressions of corporate citizenship / corporate social and environmental responsibility, as well as detailing any policies or actions being taken in these areas. Companies were surveyed on general business issues such as: What does it take for a company to be successful? What obstacles and challenges exist? Does corporate social responsibility relate to success? Finally, the survey asked respondents to list their most admired companies and business people in an attempt to see what values are at the basis of the modern Indian business agenda. (The survey is included as Appendix I.)

This report is not intended to be comprehensive. It is merely a modest attempt to provide some insight into modern Indian business and corporate citizenship. The information provided by survey respondents provides an overview of the corporate citizenship agenda – whether and how aspects of this new business agenda have been picked up in India. It is hoped that the survey results will be used as a base of information for further thinking and discussion.

The survey methodology was quite simple: the survey was designed in-house at CSM and sent by e-mail to a cross section of Indian industry. Companies were selected from CSM and partner organizations' database and an Indian business directory website (Indiamart.com). Companies surveyed ranged in size, sector and geographical location. No company was specifically targeted because of its image or social/ environmental record.

II. OVERVIEW OF RESPONDENTS

Industrial sector

Responses were received from companies in the following range of industrial sectors:

Management Consultancy
Information Technology / Software Development
Finance
Engineering
Chemical Industry
Construction Industry
Power Generation
Manufacturing
Handicrafts/Textiles
Service Industry

Size

While there was variety in the size of the companies that responded to the survey, large companies made up the largest percentage of respondents. 28 per cent listed their company as Small (1-50 employees), 6 per cent as Medium (50-100 employees) and 61 per cent as Large (100+ employees). (The percentages do not total to 100 because of information missing from one respondent.)

The annual turnover of companies ranged from 1800 Crores (1800 million rupees) at the high end to 35 Lakh (3.5 million rupees) for the smaller companies.

Geographic presence

Respondents were asked whether their company had a state-wide, national, regional (South Asian) or international geographical presence. 35 per cent of respondents to this question said their company had a state-wide presence, 53 per cent had a national presence and 47 per cent had an international presence. Percentages add up to more than 100 because respondents were able to list more than one area of presence. For those countries with international geographic presence, the following countries or areas were listed: USA, UK, Ireland, Europe, South America, Asia-Pacific, African countries, South Africa, Australia, Canada, Singapore, and China.

Companies were asked to state their primary market. While 11 per cent did not respond, of those that did 19 per cent had a domestic only primary market, 31 per cent were export only companies, and 50 per cent had both national and international markets for their goods and services.

III. POLICY AND REPORTING PROFILE

The survey asked respondents to identify areas in which they had a company policy. The following table shows the percentage of survey respondents with policies in the given areas (listed from most to least commonly cited policy category):

POLICY CATEGORY	PERCENTAGE OF COMPANIES WITH POLICY IN LISTED AREA
Corporate Governance	59
Environment	53
Occupational Health and Safety	53
Education	47
Social Welfare	41
Anti-discrimination (women / men, caste, religion, etc.)	35
Community Development	29
Workers Rights / Child Labour	29
Human Rights	12

When asked whether companies report on any of the above issues in their annual reports, 24 per cent said they did not, 35 per cent said they did, and 41 per cent did not answer the question.

Of those who did report, the reasons given were that it was a “requirement of Company Law”, “Directors find it necessary to inform the shareholder”, and “[these policies] have a reflections on result”.

As a note to readers, in our use of quotations we have not made corrections to spelling or grammar.

IV. CORPORATE CITIZENSHIP: WHAT DOES IT MEAN?

The survey began by asking whether the terms ‘Corporate Social and Environmental Responsibility’ (also referred to as CSR) or ‘Corporate Citizenship’ mean anything to the respondent. If so, what? And, what relevance do they have for the respondent’s company?

Nothing much

Eleven per cent did not answer this question. Of those that did, one in eight stated that corporate citizenship or CSR did not mean much to them. One respondent said that “[CSR has] little relevance to our company. We do not pollute and we do provide employment.” Another implied that CSR is at most a secondary consideration, after business needs have been met: “Needless to say owing to fierce competition the society cannot be divorced from the main stream activities of business. Our abiding mission is to create value for our customers, shareholders, employees and society at large...”

A couple of other responses, it could be argued, referred more to traditional business values and trickle down theories than to the new agenda of corporate citizenship. By traditional values, we mean make profit, be law abiding and pay taxes. The following examples hint at this traditional mindset: “Information Technology is the backbone for progress of any society at present. Our company contributes to this aspect by delivering quality products and services in the field of IT.” Also, “to us the meaning of Corporate citizenship means that we strive to give the best possible quality, price & range of products to our customers, at the same time look to the welfare of our workers and operate our business within the framework of the law of our land.”

Commitment to society

Having outlined the responses that did not connect with the new business agenda of CSR, there were many that did.

Corporate Social Responsibility was most commonly understood or referred to by respondents as a commitment or obligation to society. Fully 56 per cent of those who responded to this question made a link between community responsibilities and corporate citizenship. As one respondent sums it up: “Corporate citizenship means being a responsible and contributing member of society”. Another said, “[A] Corporat[ion] is an integral part of the Society. It builds the good corporate citizenship character and culture. Finally, it helps to build a good society.” Further responses included: “[Corporate citizenship means we have an] obligation towards our society ... each of us need to do our best to contribute in whatever small way we can to make this world a better place to live.” And, “We believe a company is run ultimately for the purpose of adding value to the society.”

Some companies outlined their corporate citizenship responsibilities in a variety of areas:

“Yes, The leadership is committed to serve the society as contributor towards infrastructure development and also as a corporate citizen. [Our company] remains concerned about both its employees and the community as a whole regarding the impact of its processes and service on the current and future state of the community.”

“‘Corporate Social and Environmental Responsibility’ means to me business policy and decision making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment. Having over 30 years of experience in the capital market with dominant presence in all the three major bourses and in business areas, our organization believes that the bottom line benefits are positively correlated to the social and environmental responsibility. Our philosophy has always been to follow or exceed ethical, legal, commercial and public expectations of society has of business. We have always been pioneers and setting examples to others. We have always contributed to the social cause and welfare.”

Responsibility to stakeholders

One in eight respondents defined corporate citizenship as their responsibility to stakeholders. “Yes, It is important for us to be good corporate citizens and extend the benefits that accrue from our Business to all our Stake-holders (defined as “Interested Parties” in ISO-9000;2000), i.e. Customers, Suppliers, Govt bodies, Society at large and employees (we call them our Associates). This will help us grow further in the eyes of Society.” Another respondent suggested, “the corporate citizenship is being understood as commitment of duties and responsibilities towards its stake holders i.e. customer, shareholder, employee, Government, Environment Health and safety.”

Labour

Just over one in three respondents mentioned their responsibilities to labour or their workforce as an element of responsible corporate citizenship. Corporate citizenship means “concern about employees”, “look to welfare of our workers”, and “[provide] the employees (both direct and indirect, i.e. contract labors) ... with social security benefits (like PF, ESI, Insurance, medical, etc.)”

Environment

Interestingly, fully 44 per cent of respondents referred to their responsibilities to the environment in their definitions of corporate citizenship. “What I understand is that as citizens of a country, we have certain obligation towards our society, and the environment we are living in and are leaving behind for the next generation.” “Our company is committed to ensure a clean and healthy environment.”

Some respondents mentioned specific actions they are taking as socially and environmentally responsible companies. “The Company being a part of the Society has a responsibility towards society and environment. Capital expenditure has been incurred by the Company to ensure that all effluents and emissions are pollution free. Foliage and gardens occupy 1/3 rd of the total factory area contributing to a green environment.” “Industrial Houses do plant trees and maintain parks thereby providing for greenery. But they should also make proper arrangement for disposal of their industrial waste. The black smoke belched out by the factories do pollute the environment and we are not aware how this problem can be solved. In our unit, we provide well ventilated working place for our employees, see to it that the rubbish is disposed of without polluting the surroundings. The vehicles engaged for transportation of our products are regularly sent for Auto Emission Test and have the Pollution Under Control certificate.”

Another respondent mentioned management tools related to corporate environmental responsibility: “[we] promote the use of management tools such as environmental assessment, life cycle analysis and total cost accounting to help organisation to identify and select opportunities for improvement [and we] encourage transparency through corporate socio and environmental reporting.”

Education

Education was another area addressed by a couple of respondents in describing their understanding of corporate citizenship. References were made to the important role corporations can play in training, and in building societal awareness about critical public health and social issues. “Local families have been trained and supported and they have become suppliers to the company, thereby generating

downstream source of income in the society.” Another suggested, “Our activities are directly committed to corporate social and environmental responsibilities. There are the illustrations: Corporate Social & Env. Responsibility : Training courses are conducted for industrial people with an objective of improving quality of their products. In addition, fresher get employment to industries through our courses. We also conduct EDI program participated in slum children education which have societal effects ... in term of employment, quality improvement of industrial products and finally community development.”

Another respondent stated, “we believe that the Corporate sector should co-operate with the Government to impress upon the common people the importance of education, cleanliness and hygiene, vaccination, population control (in underdeveloped countries). This they can do through distributing leaflets, opening schools for the children of poor, providing the poor with medical facilities and so on. Common people are influenced by the Corporate sector (we are of the opinion). Hence this sector can and have work/worked for the advancement of the society.”

V. BUSINESS AND SOCIAL PERFORMANCE

The second survey question focused on the social responsibility of Indian companies. Respondents were asked to explain what they saw as the social responsibility of their company. They also were queried on whether their company was living up to its responsibilities, and whether they felt more societal and business awareness of social responsibility was needed.

A quotation from one respondent provides a nice overview of variety of ways companies feel they make a societal contribution: “[The company’s] social responsibilities include generation of employment opportunities, contribution to Gross National Product and national wealth, control of pollution, to provide a safe working environment etc. We strive to achieve these goals. There is of course room for improvement, which is possible through continuous awareness programmes.”

National wealth

A couple of respondents referred to the contribution of their company to GNP and national wealth as a social responsibility. “The primary social responsibility of a company should be to produce prosperity through creating value. Prosperity should in turn support social improvement.”

Employment

Somewhat related, a sizeable 39 per cent of respondents referred to their social responsibilities as employers – the creation of employment, developing proper promotional and training opportunities, and ensuring good working conditions. One company stated, “we should create proper work environment for our employees. We should also ensure proper opportunity of employment for deserving candidates in society”. Another respondent said that an important social responsibility of their company was “giving a job / career opportunity to the workers, giving an opportunity to the deserving workers to move up in career”.

There was also a mention made of the important social role companies can play in integrating workers (the unemployed) after appropriate training. “There are hundreds of millions of unemployed. The only suitable solution to this problem lay in the hands of business community since it was businesses, that created jobs and through wealth that could help the poor out of their misery and provide them with an opportunity for advancement. Our role is not limited to economic results. We also played a part in making democracy work by helping individuals towards control over their destinies as they became self-sufficient.”

Training

A number of respondents specifically referred to training, and broadening society’s awareness to the need for training, as a social responsibility of their company. One company stated that it “...is trying to fulfill social responsibilities which in turn will help the weaker community of the society. In fact, it is acting as a leader in the HRD Management. We feel that in India the needs for training had not reached to the grass root level. We have to do a lot in this issue.”

Another company explained how they are fulfilling their social responsibility: “Our company is engaged in various programmes on an ongoing basis, for the improvement of the socially backward and poor sections. We conduct training programmes for certain skills required in our business in our factory. Those showing good aptitude are absorbed in our company.”

Environment

Just over ten per cent of respondents suggested that their companies had a social responsibility to the environment through the “control of pollution”, “better and efficient utilisation of fossil fuels to conserve scarce resources...[and] consumer education on energy conservation and electrical safety at home”.

Social programmes

Approximately half of the survey respondents stated that they have a responsibility to help with social problems in India. Some of the responsibilities cited in this area were extremely vague but heartfelt, with references to providing for the well being of all people and one respondent stating that the company should ensure that “ordinary life is given descent place and environment.” One company suggested that it had a responsibility to “see[] what others don’t see at first - either goods or service or how to provide these in such a way to improve well-being of others.”

Several respondents, however, made more specific references to ways in which they contribute to societal development through educational, health and social projects.

“The social responsibility of any organization centres on support towards health, education, infrastructure development, self employment generation etc and we are continuously fulfilling our responsibility on these dimensions. The necessary support for an ICCU in a nearby hospital, eye camps, family planning programs, etc are being organized on regular basis. Apart from maintaining a secondary school, support is being extended in various educational development programs of the district. Definitely there is a need for greater awareness on these issues in industries.”

A lengthy answer by one respondent referred to the dire poverty that exists in India, with the unsafe state of drinking water, schools with no roofs or toilets, and no health care in most villages. The respondent states that “industry should not forget about their own obligations to society, particularly to the under privileged who are walking past with trepidation, [and that] ... Industry should scud to ameliorate the conditions of above people which is a part of their social obligation. Definitely, concerted efforts of the industry can give safe drinking water to the thirsty poor people who are even below the poverty line, [and] ... survey these schools and extend help by completing the buildings/ structures”. The respondent goes on to say that “Industry should do this for their own existence, [and that] ... some organisational pettifogging attitude is no doubt causing hinderance in the planned development.” It is worth noting, however, that this particular respondent may not have been referring to the social responsibilities of his/her company but to those of Industry’s in general.

Another company stated, “[our] company has created a Charitable Trust with objectives to uplift the standards of living of the downtrodden and to support them and teach them to sustain their livelihood independently.”

Respondents also referred to their responsibility to increase societal awareness of social problems. “Looking at the domain of services of our company, the social responsibility of bringing in awareness among public regarding social reforms and practices does lie with our company [] to a considerable extent”.

One company interestingly made note of its policy of “supporting financial vehicles and institutions that invest in the communities where [it] does business”, as a form of social responsibility.

Unusual expressions

A couple of responses were notable as unusual expressions of social responsibility. One respondent stated that their business of hand made paper making was socially responsible in and of itself because the company helps the environment by not cutting trees. Another referred to the competitive prices and quality of their product as their social contribution. “Despite competition and increasing costs, our

products undergo strict quality control measures. Nevertheless, our prices are competitive. Though we are all here to make money, profit should not be our chief motto.” “Paying of all levies as per the law” was mentioned as one part of a particular company’s social responsibility.

One response that was somewhat difficult to understand was as follows: “The social responsibility of our company is to design values-based, globally consistent programs that give employees a level of ethical understanding that allows them to make appropriate decisions, even when faced with new challenges.” This respondent went on to say that one of the “cardinal virtues of business through which things are done to serve the needs of society [is]...practical realism : A distinctive quality of business people who have at least distinction between the danger and opportunities.”

Action beyond words?

A number of respondents missed the second part of the question where the survey asked whether companies are fulfilling their social responsibilities. Of the 44 per cent who addressed this part of the question, every respondent said that they were either fulfilling it or were working to fulfill it. Some respondents stated that they were doing what they could within their means and/or that they had more to do.

Do we need more?

Similarly, the response rate to the third part of the question was 56 per cent. Respondents were asked whether there was a need for greater awareness of social responsibility issues. Interestingly, one in five respondents said that there was no need for greater awareness, although they did not elaborate with an explanation. Eighty (80) per cent said that greater social awareness was needed, although for the most part it was not clear whether they were referring to corporate awareness or societal awareness more generally. “We do feel in India, there is a need for greater awareness of these issues.” “In India, we are observing that whatever little social obligation industry is discharging, is in and around their individual profitable areas and in this process four Eastern States like Arunachal Pradesh, Nagaland,

Mizoram, Meghalaya, Manipur, Tripura are completely neglected. Healthcare, education and industrial development of these areas have to be worked upon.”

VI. BUSINESS AND THE ENVIRONMENT

Information from this survey suggests that Indian companies generally are aware of environmental issues around waste and pollution control. The responses demonstrated that companies feel the greatest responsibility to the environment in terms of their direct waste output. Fewer respondents mentioned taking broad actions to attempt to influence suppliers, clients or employees outside of the work place.

Half of the companies surveyed reported having an environmental policy, and approximately five out of six respondents demonstrated some consideration for the environment. The responses ranged from general statements that greater awareness of environmental issues is needed in society, to highlights of companies' specific environmental policies. While some respondents did not answer this question, no one stated that business does not have a responsibility to the environment. At the very least, we may be able to conclude that western expectations of business to be environmentally responsible have permeated Indian business culture. To put it more directly, no respondent dared state that the job of business is solely to make money with no regard for the environment. One respondent stated that it makes good business sense to protect the environment ... “even in the third world countries”.

Minimize pollution

Five out of nine of the overall pool of respondents and nearly all the manufacturing companies stated that their environmental responsibility was to minimize pollution to the surrounding community, and to properly dispose of waste. Some companies mentioned the need to develop less polluting machinery and production processes. “[Our responsibility is] to replace polluting technology with cleaner production process that minimize pollution intensities and reduce pollution at source.” As one respondent succinctly put it, “Our responsibility is to ensure that the air, sound and water are not polluted by our wastes. Necessary regulatory measures are adopted to fulfill these goals.” Another company stated, “Our environmental

responsibility lies in not littering our surroundings and arrange for proper disposal of our rubbish. We do take care of this aspect. Indeed, there is a need for greater awareness of such an important issue. Don't we all want a pollution free environment? If so, we should definitely do our best towards the achievement of such a goal."

There were several very sophisticated responses where it is difficult to know how much of the lingo has been translated into action. One respondent stated: "Our continuous endeavor is to manufacture our products through processes that have as little impact on the environment as possible. We maximize ways to preserve the environment through state of the art technology and a personal commitment to reduce waste in all forms."

There were also more simple responses: "We are into hand made paper business, by promoting hand made paper we are saving tree and help our environment by not cutting trees. We believe that every corporate should have social and environmental responsibility."

International accreditation

Eleven per cent of respondents said that their company had qualified, or was about to qualify, for the internationally recognized ISO 14000 certification, where the environmental impacts of the company would be controlled and documented. "In view of the painstaking, strenuous and sustained efforts undertaken by all of us our unit has become the recipient of ISO 14000 internationally recognized certification." Other companies mentioned other regulatory norms. "As a corporate citizen, [our company] is committed to ensure that its processes and service produce minimum impact on the environment. Strict pollution control measures and monitoring systems are already in use as per CPCB and WBPCB norms. The organisation is also working towards greater awareness and implementation of EMS in our generating stations and other related areas."

Reducing waste at source

In terms of actions being taken by companies internally, a couple responses are worth highlighting. While they represented less than five per cent of respondents, certain companies mentioned cutting

down on paper usage and disposable dishes, and training or encouraging their employees to practice conservation in their daily work lives. One company in the training sector mentioned that it offers a course in environmental management. “As a software company, we should try to make our business process as paperless as possible. We should also produce minimum garbage from our routine activities. For example we have stopped usage of paper glass, plates etc. We have also introduced electronic documents as far as possible in our activities.”

Thinking Green beyond the plant

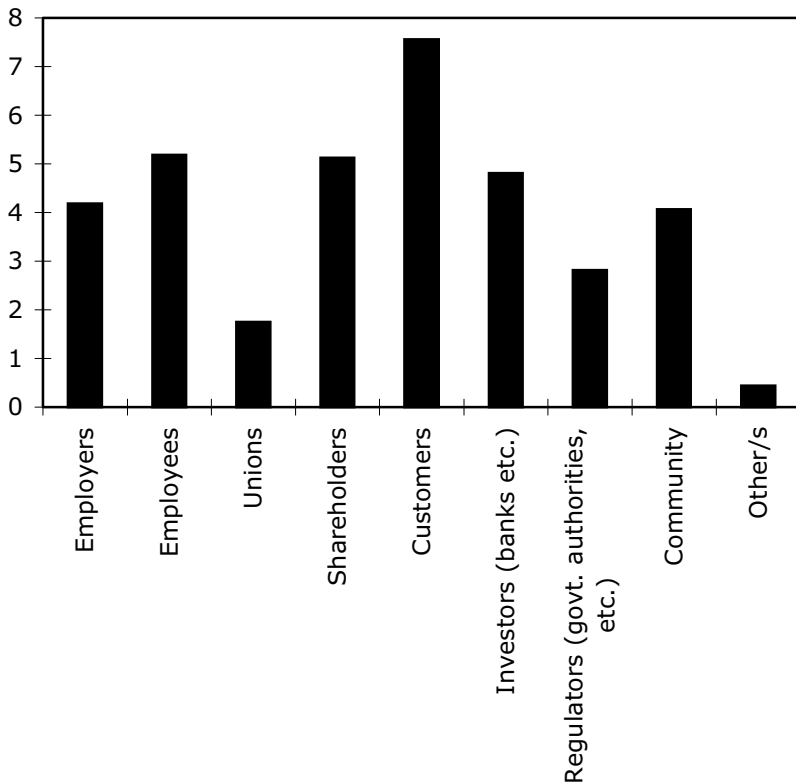
Most non-manufacturing companies referred to their intrinsically lower impact on the environment. For example, companies in the training, financial or consultancy sectors stated that their environmental responsibilities were limited. However, one response of note stated that their company (in the financial sector) “could avoid channeling resources into environmentally unfriendly organisations”. This demonstrates a broader type of thinking about the environment that is not seen overall by respondents. No other companies mention the possibility of influencing source product companies, clients or their wider community. Most companies in the survey understood their environmental responsibilities in terms of their direct waste output.

VII. COMPANY STAKEHOLDERS (GRAPH A)

Question 4 asked respondents to rate their company’s main stakeholders on a 1-9 point scale. While the respondents ranked 1 as most important and 9 as least important, a reversed scale has been used in this report (with 9 as most important) in order to convey the results accurately in graph form (see Graph A). The largest bars on the graph represent stakeholders that were listed with the highest importance by the greatest number of respondents. The bars represent an average of the points allotted to that particular stakeholder by respondents. Where respondents did not provide a ranking for one of the stakeholder categories, a low score was assigned, with the assumption that the stakeholder was not important to the company. However, respondents who omitted the question were left out of the averaging completely.

Customers are clearly the most important stakeholders for the survey respondents, followed by employees, shareholders and investors (banks) in that order. The community got a middling ranking, and unions and regulators were ranked as stakeholders of least importance. Under the 'Other' category respondents listed 'suppliers', 'social organisations/institutions' and 'sister organisation' as stakeholders of some importance but which were not options in the survey question.

**GRAPH A: Company Stakeholders by Importance
(Averages of 1-9 point scale, with 9 as highest)**

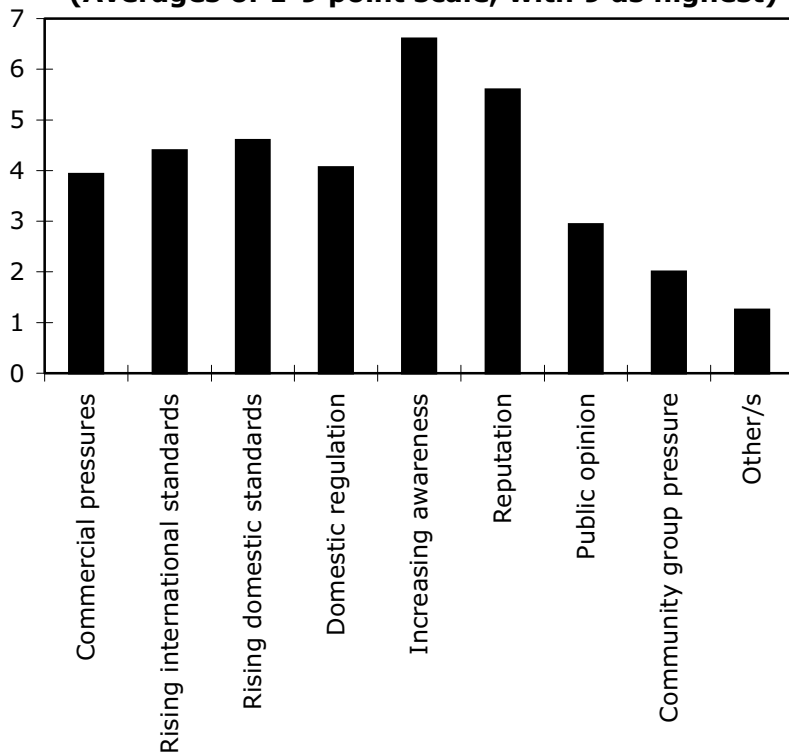


VIII. CHANGING ATTITUDES? (GRAPH B)

Question 5 asked respondents whether attitudes to broader social and environmental responsibility issues have changed in the past few years?

Only one respondent answered 'No' to this initial question, and two respondents omitted this question. Of the remaining responses, a ranking of 'least important' was assigned to categories left blank. Respondents were asked to rank the main factors driving the changing attitudes to social and environmental responsibility. As Graph B demonstrates, 'Increasing awareness' and 'Reputation' topped the list, with 'Community group pressure' and 'Public opinion' cited as the least important drivers of change. Under 'Other' reasons for changing attitudes respondents stated that "TV telecasting plays an important part in raising these" and "It is fashionable to think Green".

**GRAPH B: Reasons for changes to CSR attitudes
(Averages of 1-9 point scale, with 9 as highest)**



IX. BUSINESS SUCCESS: WHAT DOES IT TAKE?

Respondents were asked to list characteristics that should or do make up a successful modern Indian company. Ten per cent of respondents did not answer this question. Of those that did, respondents referred to a wide variety of characteristics, everything from product quality to an ethical corporate culture.

Bottom-line smarts

63 per cent of respondents referred to characteristics that broadly could be called bottom-line smarts. Respondents said that successful modern Indian companies should:

“watch [their] bottom line,
[be] efficient,
[have] competitive pricing,
[be] internationally competitive,
[have] cost consciousness,
[have] commercial viability,
earn profits, and
contribute to GDP and create wealth.”

Several respondents also referred to the need for companies to be flexible, “innovative”, “open to change”, and “scouting around for opportunities” in order to be successful. One respondent referred to the importance of “risk-taking behaviour” as a condition of business success. “Awareness of national/international trends in the sector” can also be important in order to recognize and capitalize on business opportunities.

Appropriate technological advances were listed as characteristics for success by close to 20 per cent of respondents. “[It is important to have] faith in modernization to upgrade the machinery or processes”.

On the legal side, respondents mentioned comply[ing] with “human rights principles”, “national and international standards”, and “laws and regulations” as important aspects of business success. A successful modern Indian company “should pay all taxes, duties, etc. without any default.”

Many of the companies surveyed referred to a focus on quality and excellence as a characteristic for success. Just under one in three wrote about the importance of striving for excellence, or having “a passion for superior performance”. One answer read as follows: “A company must be a net wealth creator and add positive value to the society. It should focus on excellence. Whether in quest for profits or HRD practices or customer relations the modern Indian company should not compromise on quality. The philosophy should be ‘If we do it then we should do it in the finest possible manner otherwise we should not do it’.”

Commitment to stakeholders

Several respondents used the language of commitment to stakeholders as a component of a successful company. One respondent said a successful company needs to “have its focus concentrated in meeting expectations of its main stakeholders”. Shareholders were only referred to explicitly by one respondent; the others spoke generally of stakeholders.

Among external stakeholders, customers were referred to frequently. 38 per cent of respondents mentioned the importance of good customer relations and a “customer orientation” for business success. “[Characteristics of a successful company are] a good corporate citizen with good governance offering goods and services efficiently and effectively keeping customers in high esteem” stated one respondent.

Good labour relations

Interestingly, the characteristic that was referred to by the greatest number of participants was a company’s relations with, or emphasis on, its internal stakeholders – its workforce. Over 80 per cent of those who responded to this survey question stated that the success of a modern Indian company depended on human resource strengths. Characteristics for success were described as the ability to “retain and improve on human resources”, and to “ensure that [a company’s] internal customers (employees) are kept happy.” Companies “should provide all amenities and social security benefits

to employees, contractual workers and others.” One respondent wrote that a successful company has “a belief in training to upgrade the workers” and knows the importance of a “motivated workforce”. There were references made to employees being affected by company values, and to the importance of involving employees in company decision making. Finally, the potential contribution of “bright young creative minds and people” was noted as an important ingredient for business success.

Reference was also made by almost 20 per cent of respondents to the importance of a healthy and safe work environment for employees. “[Company] policy should be in compliance to environmental safety.” “Well ventilated production floor [and] regular maintenance of the machineries” are important characteristics.

Top management

A successful modern Indian company also needs to be well managed, with a corporate culture that promotes integrity. This message was conveyed by half of those respondents who answered this question. Respondents referred to “practicing ethical business values”, “value based management, participative leadership”, and “conduct[ing] business with integrity and honour” as important conditions for business success. “Professional management” was mentioned as a criteria by several respondents. It is important for “[management to be] agile and informed...[and to] recognize the bottleneck in infrastructure and find methods to solve them.” As one respondent summarizes, the role of a successful company is “to contribute to national wealth, to generate employment opportunities, E-business and E-commerce, accountable employees, transparency of Management’s policy, open communication, safe working environment, concern for society.”

One respondent summed up the importance of community involvement and value based management in business success by making a link between corporate culture and employee motivation and performance. “Companies should use their values as a tool towards becoming an active member of the community in which they operate. Such values of the company filter down in a organization.

They are believed and adopted by all its members. In companies with similar profiles, the perception, judgments and the attitudes of the employees improved performance dramatically. These values formed a culture that applied to all aspects of an organization.”

Corporate Social Responsibility

Interestingly, over 80 per cent of those who responded to this question referred to some aspect of Corporate Social Responsibility as an important characteristic of business success. One respondent specifically used the CSR jargon, stating that companies should be “good corporate citizen[s]”, but for the most part respondents spoke generally of responsibilities to society. They made reference to environmental considerations: “[the] employment of proper waste disposal measures”, “not pollut[ing] the environment and creat[ing] an eco-friendly atmosphere”, “efficient resource management, and an “awareness/commitment to ... environmental courses.” A successful Indian company also should “have concern for society”, “contribute however or wherever it can to the community or society at large,” and “add positive value to the society”. It is important for companies to “generate employment opportunities”, and “provide downstream income generation”. “Success of an organization is now largely depends upon the strong foundation of value creation not only for customers, shareholders, stakeholders, but also for employees and society at large.”

X. IS THERE A LINK? CORPORATE CITIZENSHIP & CORPORATE MIGHT

The following question in the survey asked respondents whether the characteristics of a successful modern Indian company (listed in previous section) are related to a company’s social and environmental performance.

Every respondent to this question said yes, they are related. The majority of respondents said or implied that they related without question. Of course, it is worth noting that the survey related to corporate social and environmental responsibility, and respondents would have known that a ‘yes’ was the “politically correct” answer, so to speak.

Interestingly, a few of the “yes” responses seemed to be conditional. For example: “To a certain extent [they relate], yes”, and “Yes, in the ultimate analysis, they are [related]”. Unfortunately, we do not know why these respondents only draw a conditional link between business success and social and environmental performance, as the survey did not ask a follow up question.

The following responses are worth noting: “[It] should very much form a part of the company’s focus points [to]...contribute however or wherever it can to the community or society at large.” “All the characteristics [necessary for a business’ success] are directly or indirectly related to social causes.” “As a positive wealth creator and through value addition a company must discharge it’s full range of social and environmental responsibilities as a good corporate citizen.” “Some items provide positively to social and environmental performance. A healthy Company will have healthy employees who in turn will have healthy families. This will lead to a healthy society free of corruption, dishonesty and other malpractice.” “It needs no reiteration that unless and until the value creation is being pursued on holistic basis survival will be difficult in the era of globalization.” “[The characteristics for business success] are definitely related to our social and environmental performance. All our policies have reflections in our commitment to the society.”

XI. BUSINESS OBSTACLES

The survey presented some interesting findings about the inherent obstacles to increasing the success and improving the values of the Indian business sector. While respondents predominantly focused on obstacles rather than possible solutions, there were a couple of interesting ideas for change presented.

Do or die

By far the most common obstacle cited by respondents was intense market competition and pressure. Over 60 per cent of respondents mentioned some aspect of the market as an obstacle to becoming a successful business, and to improving their social and

environmental performance. Direct reference was made to the “unsound economic conditions of the country”. “There is huge pressure to survive or perish.” Respondents mentioned the problem of rising costs, insufficient product quality and insufficient diversification as factors standing in the way of increased success for Indian businesses.

They also mentioned the challenge business faces in remaining sufficiently flexible and adaptable, and in finding enough new clients and markets to survive. As one respondent stated, “The need of the hour for any organization is to remain flexible enough to adjust quickly to attune to changed market conditions. Lean and thin enough to beat competitor’s price and innovative enough to keep products and services technologically to deliver maximum value to each and every customer.” “The success of any enterprise over the long-term depends heavily on its willingness and ability to adopt to changing circumstances.”

There were direct references made to global competition and dependence on foreign markets: “[one obstacle is] international competition particularly from china and south east Asian countries”; “[another obstacle is] dependence on outside market to fulfill one’s aimed targets.” One possible interpretation of these responses is that business has to do so much to just survive in today’s global economy that it is difficult to improve its corporate citizenship record.

Other more sporadic obstacles to business success mentioned included:

- “availability of the right skill sets to meet its target;
- backdated human resource;
- social obligation;
- trade union[s];
- unhealthy working conditions;
- environmental safety;
- lack of technology upgradation.”

Short term thinking

Over ten per cent of respondents mentioned the short-term thinking of business as an obstacle to developing social and environmental performance - in other words, the get-rich-quick mentality. “Most

companies are opportunistic with the aim to make quick profit in IT corner, rather than aim for sustained and improving performance.”

Interestingly, more than one in three respondents stated that the mind set or awareness of both business and society is an obstacle to this new corporate responsibility agenda. “[There is a] lack of awareness among common people who are usually impressed by advertisements.” One possible interpretation of this statement is that business will not benefit economically by investing in improving social and environmental performance because consumers as a mass are wowed by slick advertising. Perhaps more education is needed to increase the awareness of CSR for both business and consumers before there will be an incentive for business to get on board. Over a quarter of respondents suggested that mind sets need to be changed over time through education. One respondent succinctly put it: “Mind-sets take time to change. Continuous awareness and training is the answer. Implementing ISO:9001:2000 and ISO-14001:1996 is an excellent Change Intervention.”

Government

The state broadly speaking was referred to by over a quarter of respondents as an obstacle to successful business. Problems included unclear, unpractical and poorly monitored regulations, poor infrastructure, a complicated tax system, and too much bureaucracy. “The main obstacles, we think, are lenient attitude of the Government in enforcing Quality control measures.” Interestingly, however, the state is also criticized for too much interference. “Irresponsible & unpractical government regulations in sector that are best left to private hands, keeps the government to busy to understand the difficulties of an average small businessperson whose capabilities & spirit is being choked due to the lack of infrastructure.”

The overall message seems to be that there is a problematic “[un]level playing field” for business in India, an one respondent expressed it. Suggestions for overcoming these obstacles focused on what was needed, not so much on how it could be accomplished: provide better

infrastructure and an “easy tax system”, create “well-defined regulations and enactments,” reduce bureaucracy. One respondent suggested that seminars and publicity could help increase awareness about the importance of a level playing field for business, and that “government initiatives [are needed] to reduce bureaucracy”.

Corruption

There were also references made to cleaning up the corporate governance structure and clamping down on corruption in India. Broad frameworks on corporate governance should be developed and followed. And, “...penalties for non-compliance should be strictly implemented.” “Benefit from corruption should be reduced. This is to be done by flattening the tax structure and reducing exclusive authority on Govt.agencies.”

Unprofessional management

One in six respondents mentioned the affect of poor management on corporate culture, referring to the “...lack of motivation among employers [and] non pragmatic management,” for example. Another respondent felt it was problematic that “Indian companies are still managed by family members.” To overcome these obstacles respondents suggested that management take initiatives to improve corporate culture: “Management should be positive and growth oriented.” “Indian companies should be managed by professionals.” “[A] healthy relationship [is needed] between trade union and management.” One respondent offered the following as a suggestion for improvement: “Involvement of employees in decision-making processes, job enrichment, respect for employees.”

Lack of ethical values

A similar number of respondents said that ethical business values are not a high priority in India. This is an obvious obstacle to the CSR agenda. To overcome this problem, India needs to “develop[] a culture for imbibing ethical values into our system.” Another respondent suggested that “appropriate entrepreneurship will develop through appropriate international business pressures.” Overcoming these obstacles “...involves fundamental changes in the business culture along with major changes in the educational system and other aspects of life in India.”

XII. EXEMPLARY COMPANIES

Survey respondents were asked which companies they considered to be models in their sector both in India and internationally. Over a quarter of respondents did not cite companies, either skipping over the question or answering the question with “none, n/a”. Just over 10 per cent of companies said that their own company was the model or the best of the sector and did not list any other companies. “We like to believe that we are the role-models for others in our Sector. Our competitors bench-mark their performances against ours. Sounds pompous, I know, but, I rather play safe in answering this Question, therefore the cryptic reply.”

The following companies were listed as models by the survey respondents. Of note, Infosys, Tata and Wipro were mentioned multiple times as models. The other companies were listed once each.

Birla Group of companies
 BSES (Bombay Suburban Electric Supply)
 DSP Merrill Lynch
 Hindustan Lever
 Infosys
 ITC (Indian Tobacco Corporation)
 Larsen & Toubro
 MahindraBT
 Mitsui
 NTTF
 PriceWaterhouseCoopers
 Reliance
 Tata
 Tata Consultancy Services
 TISCO (Tata Steel)
 WBPDC
 Wipro

Internationally:
 IBM
 EDS
 Goodyear
 Conagra Inc. in USA.

Siemens training institute, Germany
R&S, Germany
Cisco Systems
Motorola
Microsoft

Admirable business strength

Respondents chose model companies in their sector on the basis of a variety of reasons, both economic and social. On the pure business side, companies were admired for cost competitiveness, outsourcing, developing a niche market or a brand, management expertise, technological strength, producing value for shareholders – basically, for being well established companies.

Some interesting quotations from survey respondents follow: “Model companies in our society means an organization which is committed to the well being of its stakeholders... companies who are constantly creating value for the stakeholders.” The respondent included Tata, Wipro, Infosystems, Reliance and Birla Group of companies as models under this criteria. Wipro and Motorola were admired by another respondent for “their very focussed drive on a technology driven vehicle”, and “Cisco because of their extremely successful management of multifarious activities through outsourcing and other tools.” Tata Consultancy Services and Infosys were admired “for their well established processes in all areas and the ability to project them as successful companies”. And, Microsoft was chosen for “its ability to establish its products as the most user friendly”. A more specific example came from a respondent for an Indian training company, who cited two German training institutes as top notch because of their excellent technological courseware, and their close connections with industry.

Social responsibility leadership

Only 18 per cent of those who answered this question, or just over 10 per cent of all survey respondents mentioned social criteria in their evaluation of model companies. WBPDCI and BSES were admired by one respondent because “they have established themselves as leader by their technological and human prowess and concern for their own employees as well as the society, in terms

of economic development, community health, waste management, et al.” A training institute also was chosen as a model for “giving training to unemployed people” among other reasons. It is interesting to note that Tata, Infosys and Wipro were chosen only for their traditional business leadership. No mention was made by any of the respondents of their notable records on corporate citizenship issues. (Although “Tata group people” were mentioned for their humanitarian approach in the following survey question on most-admired business people.)

XIII. INDIVIDUAL MERIT

Interestingly, the response rate for this question on most-admired business people was much higher at 89 per cent, compared with a 60 per cent response rate for the question on most admired companies (if answers stating their own company only were not included).

There also was much greater consistency of responses among respondents to this question, with many points given to the Tata family (combined for father and son), Mr. N. Narayanmurthy of Infosys, and Mr. D. Ambani. One out of every three respondents listed the Tata family and Mr. D. Ambani as most admired, while one out of six listed Mr. Narayanmurthy, and one out of nine listed Dr.J.J.Irani of TISCO.

Others who were listed once only included:

Sri Kumar Mangalam Birla
 Sri N. Krishnamurthy
 G K Sachdev, Managing Director, Quaker Chemicals
 Mr. Tapan Mitra
 Mr. Harsh Vardhan Goenka,
 Purnendu Chatterjee
 Azim Hasham Premji, Chairman & Managing Director, Wipro Corporation

International scene

Of those business people most-admired on the international scene, Mr. Bill Gates of Microsoft and Mr. Jack Welch of General Electric were the only ones listed a couple times by respondents. Those mentioned on a one-off basis included:

Mr. Akio Morita
 Mr. John Chambers of Cisco Systems
 Mr. Lee Iacocca

Business smarts and hard work

The most common reason cited for picking particular business leaders was a commitment to business and hard work. Especially admirable were those people who had achieved great things in business, having started with nothing. “Business acumen” or great entrepreneurial qualities were listed by two out of every three respondents who cited reasons for their choices. Respondents also admired business people who demonstrated leadership, vision, innovation, technological savvy, shareholder focused thinking, and innovative human resource thinking.

Dr.J.J.Irani of Tisco was admired by a respondent, “In a sliding steel industry, he has increased performance, obtained awards and recognition. Created “Centre for Excellence” in specific units and rewarded performance. He has humanely provided VRS to over 2000 employees, contributed to the growth of Iron & Steel Industry, improved Indo-British relationship and was awarded KBE by UK.” Another company said, “Generally speaking, we admire people who had small capital but have created business empires by dint of hard work, perseverance and intelligence.” Mr. Narayanamurthy, Chairman of Infosys was admired “for creating a company that has shown to every Indian businessman that it is possible to create a world class company in India”. “As a businessmen, I admire Mr. Dheeru bhai ambani because he started with nothing and now he become one of the top most businessmen of petrochemical products.”

At the International level, Jack Welch of GE was admired “For taking a company to the pinnacle and being able to maintain that position for more than a decade”, and John Chambers of Cisco Systems for “[his] extremely successful endeavour, starting from a zero base.”

Great humanitarians

Corporate social and environmental responsibility was listed as a reason for choosing most admired business people more often than most admired businesses - 33 per cent versus 10 per cent. No

reference was made by respondents to Infosys, Tata and Wipro's exemplary CSR record, and yet respondents referred to the actions of several individual business leaders in this area. This perhaps demonstrates that survey respondents are aware of the importance of social responsibility thinking but they think of it as an admirable individual trait and not as part of the new business agenda.

One respondent admired "Tata group people for their humanitarian approach and for focussing on the PEOPLE." Another mentioned Lee Iacocca's "People Products and Profits formula." Mr. Tapan Mitra, Mr. Harsh Vardhan Goenka and Dr. J. J. Irani were chosen "...because of their imaginative, innovative, leadership and entrepreneurial qualities but above all, their concern for society and environment." Another reference to Shri Tata is as follows: "[admired for] contribution to poor community. This is particularly applicable to Shri Tata as by his efforts, poor tribal people of Jamshedpur had been economically." Finally, Mr. Narayanmurthy was cited as "a leader in the true sense and embodies all its attributes. He has a farsighted vision in relation to national as well as global market and business. He is a family oriented person with strong values and ethics with an upright and humble nature."

Appendix 1

CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY AN AGENDA FOR MODERN INDIAN BUSINESS?

A SURVEY OF PERCEPTIONS AND ATTITUDES

Conducted by the Centre for Social Markets

Company Profile:

Company Name and Address:

.....

Name/ position/ contact details of respondent: :.....

.....

Industrial Sector (please specify):

Company category: Small Medium Large
(1 - 50 employees) (50 - 100 employees) (100+ employees)

Annual turnover:

Geographical Presence:

State-wide National Regional (South Asia)

International *Please specify country/ countries*

Primary market:

Domestic *Please specify which group*

.....

Export *Please specify country/ countries*

.....

Policy and Reporting Profile

Does your company have a policy in any of the following categories?:

Environment Occupational Health and Safety ... Social Welfare
Anti-discrimination ... Human Rights Community Development
(women/men, caste, religion, etc.)

Workers Rights/ Child labour Corporate Governance
Education

Does the company report on any of the above issues in its Annual Report?
If so, why?

10-QUESTION ATTITUDE SURVEY

1. Do the terms '**Corporate Social and Environmental Responsibility**' or '**Corporate Citizenship**' mean anything to you? If so, what? What relevance do they have for your company?
2. What do you think the **social** responsibility of your company is / should be? Do you think you are fulfilling it? Is there a need for greater awareness of these issues?
3. What do you think the **environmental** responsibility of your company is / should be? Do you think you are fulfilling it? Is there a need for greater awareness of these issues?
4. Who are the company's main 'stakeholders' - i.e. people it should be accountable to? Please list according to importance (1 = most important, 9 = least important).

Employers	.....
Employees	.....
Unions	.....
Shareholders	.....
Customers	.....
Investors (<i>banks etc.</i>)	.....
Regulators (<i>govt. authorities, etc.</i>)	.....
Community	.....
Other/s (<i>please specify</i>)	.....

5. Have attitudes to broader social & environmental responsibility issues changed in the past few years? If so, why? What are the main factors driving this change? Please list according to importance (1 = most important, 9 = least important).

Commercial pressures	.....
Rising international standards	.....
Rising domestic standards	.....
Domestic regulation	.....
Increasing awareness	.....
Reputation	.....
Public Opinion	.....

Community group pressure
Other/ s

6. What are/ should be the characteristics of a successful modern Indian company?
7. Are these characteristics related to a company's social and environmental performance?
8. What are the obstacles to improving this performance or becoming a successful company in India? How can they be overcome?
9. Which are the model companies in your sector - in India and/ or internationally - and why?
10. Which businesspersons - in India and / or internationally - do you admire most and why?

Any other comments?

Thank you very much for your time and co-operation.

Centre for Social Markets

United Kingdom office

38 Decima Street
London, SE1 4QQ
Tel: +44-20-7407 7625
Fax: +44-20-7407 7082

India office

15, Stephen Court
18/A Park Street, Calcutta – 700 071
Tel: +91-33-229 4537
Fax: +91-33-229 0647

**This report has been published with the generous
support of the Ethnic Minority Foundation
(www.emf-cemvo.co.uk)**

The Centre for Social Markets (CSM) is an independent non-profit organization, with offices in India and the UK, dedicated to making markets work for the *triple bottom line* - people, planet and profit. We promote leadership for responsible entrepreneurship and accountability in commercial and public life. Our key target groups include business, investors, workers, consumers and legislators, particularly in developing and transition countries. CSM is a values-based organisation committed to sustainable development and human rights. We provide a variety of on-line/ on-site awareness-raising, educational and technical referral services; conduct research; promote innovation and partnerships; and engage in advocacy for corporate citizenship at major fora.

www.csmworld.org
email: info@csmworld.org

