

## COLLOQUIUM

includes debate by practitioners and academicians on a contemporary topic

# Corporate Social Responsibility: Practice, Theory, and Challenges

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## Introduction

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Corporate social responsibility (CSR) has gained considerable interest among academicians and business organizations in the past decade. More and more Indian business organizations embrace the practice of CSR under different names such as corporate sustainability, social responsibility, and corporate citizenship. These are well reflected in corporate reports on their respective websites as well as other surveys and rankings of CSR conducted by organizations such as The Times Foundation and Karmayog.

Little is left to argue on the debate initiated by Friedman<sup>1</sup> where he argued that the only social responsibility of business is to increase profits. Most business organizations now believe that investing a part of their profits and efforts in the society and natural environment from which they draw resources has positive implications for their own well-being. The benefits of CSR are also substantiated by research focusing on the relationship between CSR activities and firm's financial performance, competitive advantage, reputation and legitimacy, employee attitudes, and synergistic value creation<sup>2</sup>. Recent meta-analysis studies have reported an overall positive relationship between presence of CSR activities and financial performance<sup>3,4</sup>. The jury is still not out on many such relationships; nonetheless, organizations are going ahead and making investments in CSR.

### KEY WORDS

Sustainable Development  
Corporate Governance  
Environment  
Climate Change  
Energy Conservation  
Globalization  
Shared Value  
CSR Education  
Urban Poor  
Public-Private Partnership  
Management Education  
Inclusive Growth  
Institutional Theory  
Multiple Stakeholders

<sup>1</sup> Friedman, M. (1970). The Social Responsibility of Business is to Increase its Profits (In Zimmerli, W. C., Holzinger, M. & Richter, K. (Eds.). *The New York Times Magazine*, 32(13), 1-5. Springer. Retrieved from <http://www.springerlink.com/index/m2141pp14981487h.pdf>

<sup>2</sup> Kurucz, E., Colbert, B., & Wheeler, D. (2008). The business case for corporate social responsibility. In Crane, A., McWilliams, A., Matten, D., Moon, J. & Siegel, D. S. (Eds.), *The Oxford Handbook of Corporate Social Responsibility* (pp. 83-112). Oxford: Oxford University Press.

<sup>3</sup> Margolis, J. D., Elfenbein, H. A., & Walsh, J. P. (2007). Does it pay to be good? A meta-analysis and redirection of research on the relationship between corporate social and financial performance. *Working paper, Harvard University*.

<sup>4</sup> Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies*, 24(3), 403-441.

The external environment also poses compulsions for organizations to put together a CSR agenda. For example, in a recent development, the Government of India has proposed in the Companies Bill 2011 that all companies having a net worth of Rs 500 crore or more will have to constitute a committee of three members on their board which would oversee the CSR policy, spending, monitoring and reporting for the company. There is a proposal to make it mandatory to spend at least 2 per cent of average net profits for the last three years on CSR. Though much needs to be discussed about the operationalization of making such a proposal applicable to all businesses, it clearly says how important CSR has become in public discourse. This development along with several awards, conferences, and rankings related to CSR has increased the spotlight on the importance of CSR.

Though CSR as a concept has gained immense popularity, there is a lack of agreement on what it really means<sup>5,6</sup>. There are different expectations from different stakeholder groups, different standards, and different practices leading to a fragmented understanding of CSR. Considering the present scenario, there may be a need for consolidation in the understanding of CSR. To illustrate our point, if we consider the practice of CSR, it can be implemented with both for-profit and non-profit/philanthropic intentions. Some examples of for-profit CSR initiatives are - developing a marketing channel aimed for rural population where a company is empowering poor women entrepreneurs to sell company products or strengthening health delivery systems in rural locations by selling the company healthcare products through the health care delivery system. Examples of non-profit initiatives can range from corporate giving initiatives to community development initiatives such as livelihood promotion, setting up schools or digging a well in a vil-

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lage. Further, some organizations contribute without any desire for publicity; others want to contribute with a wide publicity in expectation of a positive brand image. Standards of CSR practice not only vary from one company to another but also from one industry to another. Some organizations tailor their CSR activities to reduce harmful effects to the community or environment as a result of the business they are involved in. For example, oil companies focus on improving air and water quality or soft drink companies invest in replenishing water for the community from which they draw water. The CSR

activities of companies are targeted to ensure the continued supply of people and products for their operations. For example, companies invest in agricultural promotion programmes for constant supply of quality raw material and technical education programmes for a supply of qualified workforce. Diversity in CSR offerings may be fruitful in terms of innovative solutions offered to the target population. They help in building relationships ranging from symbiotic to dependent between the community and the company.

The CSR programmes are aimed not only at the external community but also towards internal ones (employees and their families) apart from customers and supply chain. As more and more companies like to provide benefits to their employees for greater productivity and retention, it is unclear if benefits provided to employ-

ees could also be considered a part of CSR activity. There is also a recent trend where social activism is being mixed with branding. In this case, it is difficult to understand if the activity is a CSR activity or just a branding initiative. It becomes important in this context to understand the intent of organizations practising CSR. What are their expectations from their own CSR activity towards the society and towards their own organization? So, one of the questions that remains to be answered is: Are there boundaries that need to be drawn to delineate CSR from employee benefits, welfare, creative public relations campaigns, and eye-catching brand building activities, being a responsible citizen by not harming the environ-

<sup>5</sup> Lantos, G. P. (2001). The boundaries of strategic corporate social responsibility. *Journal of Consumer Marketing*, 18(7), 595-632.

<sup>6</sup> McWilliams, A., Siegel, D., & Wright, P. M. (2006). Corporate social responsibility: strategic implications. Retrieved from <http://www.economics.rpi.edu/workingpapers/rpi0506.pdf>

ment, etc.? Or does it really matter as long as the organization is involved in doing some good!

In their community/society-based interventions, business organizations follow numerous structures for meeting their CSR obligations/ambitions. As their in-house implementing unit, they either register their own foundation or create separate CSR units which act as an implementing agency for delivery of services. They also partner with relevant non-governmental organizations (NGOs) working in the area and fund them to carry out the work. Some other organizations work in partnership with the government agencies for their CSR obligations. These partnerships may be carried out by the foundation or the CSR unit or sometimes even independently. It is yet to be assessed which particular structure provides better service delivery for community/society based interventions.

Apart from structure, an interesting aspect is the scale of intervention. Many organizations continue to remain at the same scale of operations in CSR even when their turnover and profit increases manifold. It may be due to a fixed amount of money allocated for CSR rather than a percentage of profit diverted to CSR. This brings to us a few other questions: How much do organizations spend on CSR and how much should they?

Would supporting two schools be sufficient when there are lakhs of schools that remain unattended and uncared for? Is CSR spending a token for remaining in the good books of the external stakeholders or a conscious effort to bring about a change? Apart from money, are there other resources of business organizations that can be used to bring about a desired change in society? As a powerful member of the society, does the organization have a responsibility to the society that goes beyond that may be expected of individuals within the society?

There is an influx of ideas and practices regarding CSR from international organizations. It remains to be seen if CSR is conceptualized and practised differently in multinational *versus* local organizations? Do multina-

tional organizations focus on similar activities across all geographic locations or do they align with the current needs of the local community? Do Indian companies run CSR programmes that are more suited to the current context of the community? What happens when there is a calamity or emergency? Does the organization have flexibility to help and spend its resources when an earthquake or flood hits? A more sticky issue is when there is political unrest. Can the organization help the needy irrespective of which side of the political fight they are in? It has been seen that organizations act in their self-

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interest when such difficult situations arise. It may be argued that Friedman's debate continues to reign. It is most responsible for the organization to protect itself in such situations. Like all society arguments, this is also complex: organizations are not neutral and they often take sides for growth and survival; thus they cannot simply say, "We will look the other side when the situation makes our dependence overt." Some of these decisions become even more difficult when the organization is multinational in nature. Thus again interesting questions are raised: How does an organization decide what to support and what not to? Are there clear or unstated principles of what is within bounds and what is not in deciding about the area of spend. If yes, who states such boundaries?

We have been referring to the organization as an entity that can decide and think. However, it is true that it is individuals within the organization who need to take these decisions. So, the question remains — who should think and who should decide within the organization — the owner, the chief, a representative group, the HR department, or the concerned individuals? In most organizations, the CSR efforts are an extension of the philanthropic giving of the owner or decided by the top management but can a group at the top represent and be sensitive to the ambitions of the employees. Is the view of the employee significant? In the interest of efficiency, it may be decided that a small group can decide where and how the CSR effort may be directed. How-

ever, it may in the process drain out the voices of several employees who may feel they have a right because the money that is being generated out of their efforts is being spent. What might be the mechanisms to make these decisions more participative?

There are also questions about the assessment of the benefits of CSR? How should they be measured? Who should provide the data? Are there indirect benefits or negative consequences that need to be accounted for? Questions such as what makes CSR effective would also need to be answered. Is CSR effective in bringing the desired change in the community? Will it be effective if it helps employees become more committed? Or will it be so, if it impacts the bottomline of the organization over time? How do organizations measure the efficiency of CSR programmes? Is increase in scale a possible measure of efficiency?

As CSR is gaining prominence, there is a growing need for incorporating social responsibility in management curriculum. Numerous courses in ethics and business responsibility and even specialized MBA in this area are now being offered by major management schools. However, developing knowledge, skills, and more importantly, attitude towards social responsibility and ethics is challenging and requires personal reflection and exploration of self. There is a need to enhance these courses continuously to make them more relevant and useful to management professionals.

As is obvious from above, the range of issues that need to be looked at in the field of CSR are many and varied. Thus, we felt that it would be useful to put together a colloquium to understand these issues and hence we invited a few business organizations of India who are active in the field of CSR and requested them to share their experiences. Analytical experiences in the area of CSR have been shared by articles from Arvind Mills, Coca-Cola, HSBC, and Wipro. We also invited academicians and CSR consultants working in this area to contribute to the contemporary developments in theory and practice. Vijayta Doshi and Pradyumana Khokle have looked at the Institutional Theory perspective as the rationale behind engagement of CSR by companies. Sasmita Palo and Rohan Sarma have critically looked at CSR with reference to globalization and governance in

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India. They discuss how CSR in the present context is an “indiscriminate shooting” and there is a need for action by both the government and corporations to create a “boomerang society”. As business schools strive to educate their students in the field of responsible business, Vasanthi Srinivasan proposes ideas on designing a course on responsible business. Lalitha Vaidyanathan and Melissa Scott from FSG consulting describes “creating shared value” as a future of CSR and how it differs from traditional approaches to CSR.

The outcome of the myriad of perspectives presented is a rich dialectic on the ideas, practices, and challenges in the field of CSR. We hope this colloquium contributes towards better understanding of CSR theory and practice for both industry and academics. Admittedly, it does not provide many answers to the questions we have

raised, but it does show that there is a need for continued thought on this topic for the organizations to be able to deliver value and the society to benefit from it.

Both the stories of Wipro and Arvind Mills show how they are experimenting, correcting, and implementing practices that they think will make sense. The continuous improvement lens is an important lens for other CSR practitioners to learn from. The practices of HSBC and Coca Cola are very much related to their own domains of business. For a bank it makes sense to invest in the financial literacy of the people and for Coca Cola it makes sense to invest in the holistic healthy lifestyle of people. The fact that they are in areas that are related to their business does not diminish the contribution they make. However, it may be useful to deliberate on the fact that the nature of practice of these two multinational companies is very different from that of the local companies. We recognize that it would be incorrect to generalize based on data from four organizations. It is hoped that researchers and practitioners would do more research on this. Questions on structures that support CSR, the process of decision-making within organizations about CSR spend, and the financial decision-making structure for CSR remain largely unanswered.

No endeavour is complete at any time. This is no exception. It opens up the possibility of dialogue of many such important and interesting debates. ✓

# Back to School: Sustainability in Education and Wipro 'earthian'

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## Setting the Context

The terms 'Sustainability' and 'Sustainable Development' have become catch all phrases in the last few decades. The seminal book '*Silent Spring*' by Rachel Carson, published 50 years back in 1962, is widely credited as having triggered off the whole environmental movement. The subsequent decades saw a rising groundswell of sustainability consciousness that gradually encompassed within its fold concerns on economic development, resource limits to growth, and social inequity. The 1992 Rio Conference first saw the emergence of global warming as a serious concern in the public arena; the strong scientific evidence of correlation between a warming climate and anthropogenic emissions of greenhouse gases put the spotlight firmly on the role of industry. For it was clear that the energy-intensive nature of our industrial civilization and the consequent dependence on fossil fuels required the business sector to wake up and act. Alongside, the issues of water stress, biodiversity loss, relentless urbanization, and social failures in providing universal access to healthcare and education started being seen as challenges that government alone cannot and should not handle. Business's singular focus on shareholder value maximization to the exclusion of other stakeholders increasingly came under scrutiny. In the last decade or so, we have seen the business sector respond to this call for change slowly but surely. From company boardrooms to evangelical employees to B-Schools, the larger purpose and responsibility of business seems to be much more a part of common conversations than ever before.

*Prima facie* therefore, there seems to have been remarkable increase in sustainability awareness and actions around it in the five decades since '*Silent Spring*'. And yet, the reality on the ground points to a picture of elusive progress. A telling example is that of the Kyoto Pro-

TOCOL that requires developed countries to adopt mandated targets on GHG emission reductions. Nearly a decade after the protocol's adoption, the results in 2010 reveal the rather dismal scenario of 8 out of 10 countries not only falling far short of the targets but actually exceeding the baseline numbers. Several international and national initiatives and many millions of dollars of spending later the story is not too different on any of the other dimensions of sustainable development. As a partial explanation of this paradox, our proposition is

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Business wields enormous power and influence in today's world, both, economic and sociopolitical. With this power comes the concomitant responsibility to do good in the larger canvas.

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that this failure represents a deeper systemic shortcoming in our education system – a shortcoming that is as much cognitive and intellectual as it is moral. It is precisely this issue that is at the centre of 'earthian,' Wipro's nationwide initiative on sustainability-in-education that we launched in early 2011. In this short paper, we present an overview of 'earthian' and its vision along with the concepts and principles in which it is rooted. But first, we articulate a summary of Wipro's sustainability charter.

## An Overview of Wipro's Sustainability Programme

Wipro started its formal sustainability journey more than a decade back with Wipro Cares, our community care programme followed by Wipro Applying Thought in Schools (WATIS), an initiative that addresses issues of systemic reforms in school education. Over the years, these programmes have expanded in scope and scale while simultaneously other significant initiatives got added around ecology, workplace and employee engagement, customer stewardship, and suppliers. Running through these diverse programmes is a common thread of thinking that reflects our position on sustainability.

- Business wields enormous power and influence in today's world, both, economic and sociopolitical. With this power comes the concomitant responsibility

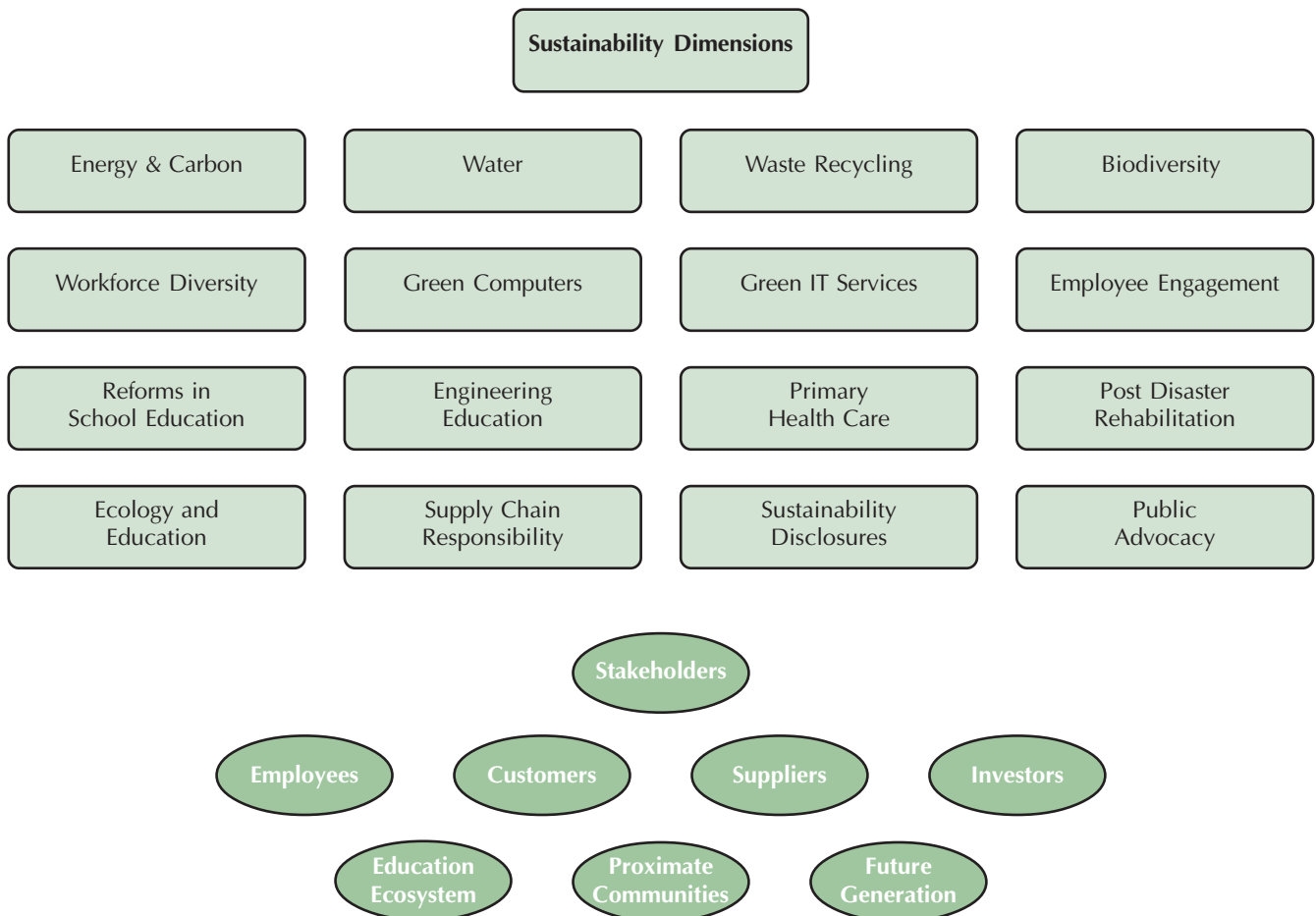
ity to do good in the larger canvas. For us, this starts with a set of foundational values as embodied in the Spirit of Wipro: 'Intensity to Win', 'Act with Sensitivity' and 'Unyielding Integrity'. These values emphasize respect for all stakeholders and are the ethical bedrock of conducting business which is non-negotiable under any circumstance.

- In engaging with the issues of sustainability, business must do so in a manner that is consistent with its core drivers; a spirit of innovation, financial and operational rigour, a keen focus on outcomes are hallmark attributes of the business sector and these must inform business action in sustainability in equal measure. In the absence of this, the approach to sustainability is likely to be peripheral and hollow. What this also implies is that there is nothing that business must do that seems to be driven by the need to oblige or comply.
- Related to the previous point is our conviction that the organization must completely avoid cheque book

philanthropy and must get involved directly. This involvement must manifest in a carefully and deliberately chosen set of initiatives without spreading oneself thin. For similar reasons, we prefer to avoid using the term Corporate Social Responsibility as the term can be perceived to have a patronizing connotation to it; sustainability is a more inclusive and appropriate term that suggests a proactive, comprehensive, and future-oriented range of engagements.

Over the years, we have established a formal framework for our sustainability programme, that is driven as much by our foundation of values, Spirit of Wipro as by formal standards that are globally accepted like the triple bottomline framework of principles as embedded in standards like the AA1000 and GRI (Global Reporting Initiative). We think that our sustainability programme has matured and progressed both in terms of breadth and depth. As Figure 1 illustrates, there are sixteen major initiatives that between them address seven

**Figure 1: Sustainability Programme Framework**



stakeholders – Customers, Employees, Suppliers, Investors, the Education ecosystem, Proximate communities, and the Government.<sup>7</sup>

## Structure and Governance

The operating structure of Wipro’s multiple sustainability initiatives is based on the idea of building a coalition or network of partners – internal and external – with nodal responsibility lying with a distinct group. Thus, the sixteen+ initiatives mentioned above are handled by four groups at the corporate level – ecoeye, Wipro Applying Thought in Schools (WATIS), Wipro Cares, and Mission10X – along with the appropriate functions and divisions. The sustainability groups carry distinct responsibility and accountability but are part of a common sustainability charter under the Chief Sustainability Officer. Table 1 illustrates the collaborative nature of the operating structure.

## Funding Model

Sustainability programmes in Wipro follow the regular planning and budgeting process. As part of the annual planning exercise, each sustainability group prepares an

annual budget that is then extensively discussed with the Chairman, the members of the Corporate Executive Council and with Finance before approval.

Our position on funding is that it should not be based on a targeted percentage (of revenues, PAT, etc.) as that is counter to the spirit in which companies should engage in sustainability, i.e., it must spring from a deep conviction and should not be compliance-driven. Also, the quantum of spending is unlikely to work as an effective metric; in social sectors like education and community care, we think that capacity creation and capability building are crucial and have a strong multiplier effect which mere infrastructure creation cannot match. Thus, using a ‘spending’ norm can be a misleading indicator of effectiveness.

## Goals and Measuring Effectiveness

We have a comprehensive dashboard of sustainability goals for each of the dimensions, e.g., for GHG emission reduction, we have an ambitious target of reducing GHG intensity per employee by 40 per cent over the five-year period of 2010 to 2015. However, we think that measuring impact or effectiveness on sustainability out-

**Table 1: Operating Structure of Wipro’s Sustainability Initiatives**

Sustainability	Nodal Sustainability	Internal Business	External Partners
Energy, GHG, Water, Waste, Biodiversity	Ecoeye	Facilities and Infrastructure Group (FMG)	Consulting partners on demand for Energy, Water and Biodiversity
Workforce Diversity, Employee Engagement, Health & Safety	Ecoeye	All the ‘People’ groups – Recruitment, Talent Engagement and Learning	
Green Computers and IT for Green Solutions	Ecoeye	The Computing and EcoEnergy divisions and Chief Technology Officer	
Supply Chain Responsibility	Ecoeye	Chief Procurement Officer and team	
Reforms in School Education, Ecology and Education	Wipro Applying Thought in Schools, ecoeye	Corporate Brand & Communication	Network of nearly 30 education partners across country
Engineering Education	Mission10X	Corporate Brand & Communication	Network of global and Indian partners e.g., IIT-B, IIT-M, Dale Carnegie Center
Disclosures, Public Advocacy	Ecoeye	Investor Relations, HR, FMG, Corporate Communication	Partners in energy, biodiversity and water
Primary Health Care, Urban Environment, Education for the Disabled	Wipro Cares		NGO partners in the respective domains

<sup>7</sup> **Note:** Comprehensive details about Wipro’s sustainability programme are available in the sustainability reports that we publish annually ; these can be viewed and downloaded at [http://www.wipro.org/sustainability/sustainability\\_disclosures.htm](http://www.wipro.org/sustainability/sustainability_disclosures.htm)

comes is an area that is fraught with complications and that one must tread very carefully, e.g., systemic reforms in education can take decades to show results. Also, one should not fall into the trap of trying to quantify goals and outcomes in areas like education or environmental issues without adequate qualifying caveats.

### Transparency and Disclosures

Driven by the belief that disclosures act as catalysts for continuous improvement, we have been active participants in the major frameworks that assess the Environment, Social and Governance (ESG) performance of companies, e.g., the Dow Jones Sustainability Index, the Carbon Disclosure Index, World’s Most Ethical Companies by Ethisphere, and the Oekom Sustainability Rating. Wipro has been consistently rated among the leaders, both globally and in India (see Table 2). Feedback attributes this to our comprehensive and well-defined framework of goals and inclusive stakeholder reach supported by a solid governance process.

### Our Vision on Education

We think that it is not enough to earn the economic license to operate and businesses must earn a broader societal license to operate which implies the willingness to engage with difficult social challenges. For us, the decision to involve deeply in education came from the realization that in an area like education in India, social action will be complete only when all the large

**Table 2: Rating of Wipro**

❖ Member of DJSI for two years in succession
❖ Member of Nasdaq Global 100 Sustainability Index
❖ Listed in World’s Most Ethical Companies 2012 by Ethisphere
❖ In Top 2 of Carbon Disclosure Leadership Index (CDLI), India
❖ In the Top 50 of Newsweek’s global ranking of 500 Green Companies
❖ Ranked #1 in India and #6 in Asia in the Asian Sustainability Rating (ASR)
❖ Ranked #1 in Morgan Stanley Capital International Sustainability Rating of Emerging Markets Firms

stakeholders participate. Also, to us, it was clear that in a country like ours that has a long list of problems to grapple with, education can have the maximum multiplier impact. Corporates also bring in an energy and approach that complements that of government, civic society, and academia.

In our work of more than a decade, our strategy has been primarily driven by the concerns we have about school education in India and is centred on five areas: Domains of knowledge, assumptions about the child, school and class environment, how to assess, and supporting the teacher.

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Our vision is that the school education system has to continuously respond to the changing needs of the society. Schools should become spaces that not only develop the student’s individual capabilities but also further the idea of democracy and sensitivity to social and ecological responsibilities. It is from such thinking that the idea of ‘earthian’ took root. Sustainability issues are important, trans-disciplinary, and complex and therefore should be widely debated in society

and surely in schools and colleges too. But our educational institutions, as they are, are simply not geared for this kind of thinking and acting.

### Sustainability in Education

Given that sustainability will be one of the defining challenges of the twenty-first century, making it axiomatic to education is going to be as critical as ‘technology learning’ was in the twentieth century. Our long experience in engaging with fundamental issues in education and our more recent involvement in ecology led us to the quick realization that at the heart of it, the problem of sustainable development is as much epistemic and cognitive as it is moral. Let me explain what we mean by this – sustainability is an epistemic problem because what we know about it is not only grossly inadequate but often even directionally incorrect for reasons explained below.

- Sustainability is inherently trans-disciplinary where the disciplines of ecology, biology, economics, complexity science, systems theory, behavioural sciences,



applied engineering, etc., interplay with each other in ever changing configurations. Our educational training does not prepare us at all to understand this well enough.

- The paradigm of linear, Cartesian thinking which is central to our current education system cannot help us understand the non-linear nature of feedback loops and cause-effect chains in natural ecosystems that typically cascade across time and space. Climate science is a good example of this syndrome.
- Another apt example of thinking gone wrong is that of our accounting and financial systems that fail to value services provided by natural ecosystems; and even when they attempt to do so, they adopt an instrumental approach and use mechanistic valuation tools such as cost-benefit analysis, marginal utility value, etc. A well known 1997 *Nature*<sup>8</sup> paper estimated the total value of ecosystem services at US \$33 trillion, twice that of the global GDP in that year. While this seems pragmatic and reasonable, a normative approach would even hesitate to put a value to an ecosystem service like pollination because there are no known alternate methods to make plants reproduce.

Let us examine this cognitive deficit in understanding sustainability in a little more detail through the praxis of climate change and our collective struggle in understanding and addressing it. Shortly after the Copenhagen Conference of Parties (COP) on Climate Change in 2009 failed to arrive at a consensus on the successor to the Kyoto Protocol which was due to expire in 2012, an eclectic group of scientists and economists gathered at Hartwell, UK to brainstorm and do an honest assessment of where we

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stood on climate change progress. The Hartwell Group's<sup>9</sup> (as this gathering came to be known) broad prognosis on the failure of the Kyoto Protocol pointed to systemic deficiencies in our approach rather than a failure in execution. The group emphasized the difference between 'Wicked, Complex' vs 'Tame, Complicated' problems. Complex, wicked problems by their very nature can only be partially understood and therefore cannot be solved through technological fixes or otherwise; on the other hand, most of the problems that can be resolved by the application of science, technology, and human ingenuity are knowable and therefore tame even though they may be complicated, e.g., building and launching a space satellite. Table 3 tries to summarize some of the

Hartwell Group's conclusions.

Ecological or Sustainability literacy is thus many things coming together; some of the cognitive approaches and tools for understanding wicked, complex issues are:

- The ability to understand the organizing principles of 'living ecosystems' and apply them to human communities, e.g., interdependence, flexibility, resilience, cyclical patterns, etc.
- The concepts of stocks, flows, feedback loops, buffers, delays as applied to the ecological and social spaces that we live in
- The tradeoffs between efficiency, throughput, resilience, and stability.

Till now we have only spoken about the intellectual and cognitive deficit in our meager sustainability education. What about the moral and psychological dimensions? In our minds, there is little doubt

<sup>8</sup> Constanza, Robert and D'Arge, Ralph (1997). The value of the world's ecosystem services and natural capital. *Nature*, May.

<sup>9</sup> Prins, Gwyn, et al. (2010). *The Hartwell paper: A new direction for climate policy after the crash of 2009*. Institute for Science, Innovation and Society, University of Oxford and MacKinder Centre for the Study of Long-Wave Events, London School of Economics. Also, refer to the book by Roger Pielke Jr, *The Climate Fix*, where he discusses the Hartwell group in detail.

**Table 3: Summary of Hartwell Group’s Conclusions**

Climate Change is a ‘wicked’ problem – comprising open, complex, and imperfectly understood systems – which cannot be ‘technologically’ resolved.

Attempting to solve it through a ‘corporate’ system of Targets, Cap and Trade, ‘Prizes for breakthrough innovation’ can only lead up the wrong trail.

Climate Change can be better understood as a persistent condition that needs to be coped with and that can only be partially managed – it is axiomatically as much an economic development problem and a land use problem as it is an Energy problem.

A more oblique approach may help – ensuring affordable energy access for all, pricing it to incorporate true costs, etc.

that the ethical and the cognitive must come together if we have to stand a decent chance of making some progress. The ethical dimension is rooted in a holistic, integrated approach to everything around us – a sterling illustration of which is what is called the seventh generation outlook that many indigenous cultures around the world share. The spirit of this approach can best be summarized in these two sentences: “Tread softly on the earth so that future generations may live. Act only if you are sure that at least up to seven generations hence will not be affected by your actions.”

Fritjof Capra<sup>10</sup>, the renowned scientist and ardent votary of integrative thinking, characterizes the latter by contrasting it with our current mode of self-assertive thinking, as summarized in Table 4.

**Table 4: Self-Assertive vs Integrative Thinking**

Self Assertive	Integrative
Expansion	Conservation
Analysis	Synthesis
Reductionist	Holistic
Linear	Non-linear
Competition	Cooperation
Quantity	Quality
Domination	Partnership

To our minds, what we have spoken on till now represents deep fault lines in our education system; if this continues, it will be futile to hope that either current or future generations will be able to cope with the challenges of sustainability or come anywhere close to it. We present a brief overview of ‘earthian,’ the Wipro initiative that was conceived with the vision of trying to address these issues

**‘Earthian’: Wipro’s Sustainability in Education Programme**

Launched in April 2011, ‘earthian’<sup>11</sup> is our nation-wide programme that seeks to work with schools and colleges as partners in change — change at a fundamental level leading to a future scenario where sustainability would have become axiomatic to learning and education. This will be an ongoing programme that is structured as shown in the schematic in Figure 2. In the first stage, schools and colleges participate in writing a critical analysis paper on pre-defined sustainability themes and scenarios, based on which 10-20 best institutional entries are recognized with awards. In the second stage, Wipro along with a network of partners will work closely with the winning institutions on multiple educational interventions around the foundational concepts, organizing principles, and actions around sustainability. Participation is open from high school onwards (Class 9) till Masters level programmes and above in colleges.

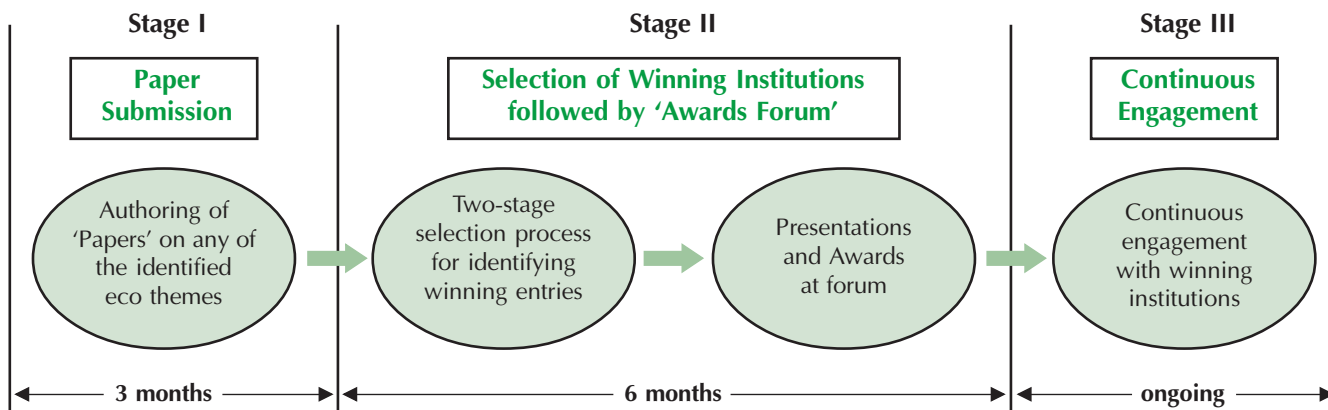
‘earthian’s’ first edition met with outstanding response; starting with 2,800+ registrations, we had nearly 1,000 entries covering nine themes – Climate Change, Cities and Urbanization, Homes, Agriculture, Water, Production and Consumption, Biodiversity, Role of Policies, and Role of Information Technology.

A short-list of the 50 best entries were evaluated by an independent jury of experts over a two-month cycle culminating with the selection of the 10 best entries, five at the school level and five at the college level. The action will now move to Stage 2 when Wipro and its partners will work closely with the winning institutions over a three-year cycle. Some of the educational interventions that are being currently planned are articulated below; however, we must say here that there are not many prec-

<sup>10</sup> Fritjof, Capra (1997). *The Web of Life*, New York: Anchor Books, pp 348.

<sup>11</sup> Note: Details of the Wipro Earthian programme are available at [www.wipro.org/earthian](http://www.wipro.org/earthian)

**Figure 2: Structure of the 'earthian' Programme**



edents or references for us to leverage and therefore, as we slowly evolve over the years, the contours, the design, and the execution of the programme are likely to change.

- Measurement of the ecological footprint of the institution campus on energy/carbon, water, waste and biodiversity; tracing the sources and trails of these dimensions, e.g., where does the water that I drink come from and where does it go? Is my institution's consumption equitable when placed against that of the proximate communities which share common resources?
- Empirical citizen science programmes that may involve observing, recording and analysing (i) information on tree phenology (flowering) and linking it to changing weather patterns (ii) ground water levels and how they change at different parts of the year or with changes in local topography.
- Field outreach programmes in biodiversity sensitive areas that will combine observation and experiential learning combined with theoretical principles of biodiversity and its value.
- Continuing programmes that involve working with the local communities on their most prominent sustainability issues; this is particularly relevant for institutions that are located in semi-urban or rural contexts.
- Summer or interim internships for the college students that involve working with an expert field organization on any of the sustainability issues, e.g., 'Behavioural Science nudges that can help reduce energy or water consumption in homes' or 'The correlation between deforestation and livelihood loss'.

- We will eventually start work on higher level curricular and pedagogic changes that try to weave in sustainability into the core learning. For example, at the college level, trans-disciplinary courses that combine systems theory, complexity science, and ecology principles will help orient students towards a more integrated understanding of problems in their domain. An illustrative example at the high school level will be learning the source trails of the food that we eat and its intricate inter-dependencies on the water cycle flowing through the planet and the latter's linkages to the climate system and carbon cycle.

We will shortly be launching the second edition of earthian where we will build on the foundation of the first edition and in addition, make it more inclusive in terms of its reach to smaller towns across the country; a soft launch in the global arena is also planned.

### Where do Schools and Colleges Stand Today on Sustainability Learning?

Against the vision that we have set ourselves, the current state of sustainability education indeed seems to be in its early infancy. This is reinforced by some of the findings of a two-year study on Quality of Education<sup>12</sup> that we did along with our partner, Education Initiatives<sup>13</sup> (EI) (Figure 3). One of the questions asked of

<sup>12</sup> Details of the Wipro-EI Quality of Education study can be viewed and downloaded at <http://www.wiproapplyingthoughtinschools.com/>

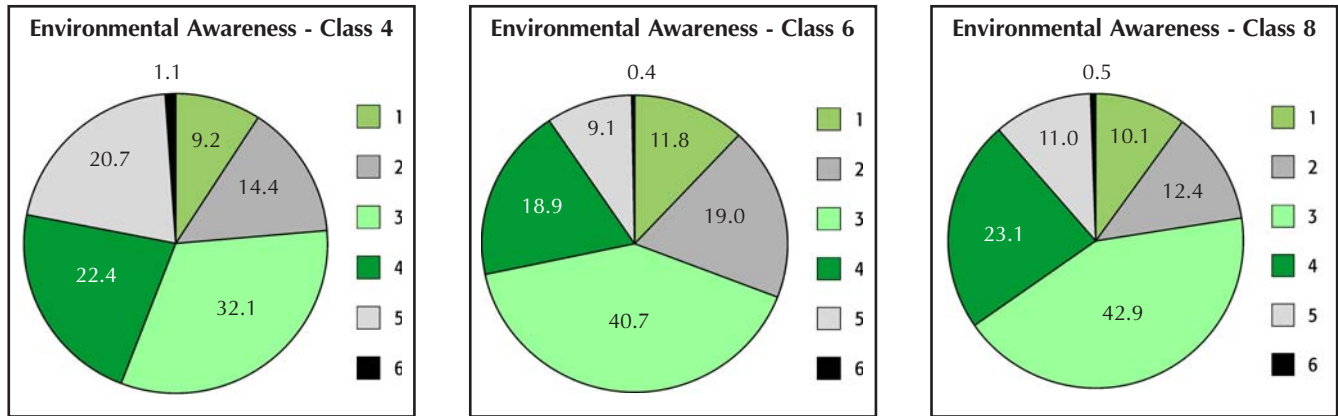
<sup>13</sup> Established in 2001, Education Initiatives was started by a group of IIM(A) alumni with the vision of making a difference in education through personalized learning and ensuring that every child learns with understanding.

### Figure 3: Responses to Question on Environmental Responsibility in Wipro-EI QES Study 2011

Some items we commonly use like batteries and bulbs often contain poisonous substances. If we dispose them carelessly, they can be dangerous. It can cause death or injury to living creatures.

What is the best thing to do in this case?

- A. Dispose them in another country
- B. Bury them deep in deserts or oceans
- C. Avoid or reduce the use of such items
- D. The governments should take care of this problem



**Note:** Color Legend: 1-4 – Answer Options A-D ; 5 – Not attempted ; 6 – Invalid entries

school students on “Disposal of toxic batteries” resulted in a variety of responses – for example, 19-23% of the students thought that battery disposal is the responsibility of a higher institution like the government.

Very clearly, the child in today’s schools does not understand ecology well enough to realize that it is as central part of our lives as the internet or computers is and therefore it becomes incumbent on us to take responsibility and act.

### Concluding Thoughts

David W Orr, the leading visionary thinker and a pioneer of sustainability education in his classic address, ‘What is Education for?’<sup>14</sup> remarked that all education is environmental education. In saying this, he implied that true education consists of being able to see the whole, not the fragments. The following extract from that speech presents to us a picture of what we have been deprived of through our education, and therefore, what we must strive to regain and reclaim.

“A myth of higher education is that we can adequately restore that which we have dismantled. In the modern curricu-

lum we have fragmented the world into bits and pieces called disciplines and subdisciplines. As a result, after 12 or 16 or 20 years of education, most students graduate without any broad integrated sense of the unity of things. The consequences for their personhood and for the planet are large. For example, we routinely produce economists who lack the most rudimentary knowledge of ecology. ....We add the price of the sale of a bushel of wheat to GDP while forgetting to subtract the three bushels of topsoil lost in its production. As a result of incomplete education, we’ve fooled ourselves into thinking that we are much richer than we are.”

As we get ready to launch the second edition of ‘earthian’ in early June 2012, we invite schools, colleges, and educational partners across the country to come aboard as fellow travellers in this journey. If India has to assume a position of real leadership amongst nations in rebuilding a more resilient world, we think that it is imperative that our future generations of policy makers, administrators, educationists, and technocrats need to be adequately schooled in ecological issues and its sensibilities. We clearly see a long journey ahead but it is one that we are committed to with a sense of determination and optimism. ♡

<sup>14</sup> David W Orr’s classic commencement address in 1990-91 at Arkansas College ‘What is Education for?’ Adapted transcript can be downloaded at [http://www.davidworr.com/files/What\\_is\\_Education\\_For.pdf](http://www.davidworr.com/files/What_is_Education_For.pdf)

# SHARDA Trust: An Arvind Limited Initiative to Help the Urban Poor

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## Background

The Strategic Help Alliance for Relief to Distressed Areas (SHARDA) Trust was created in 1995 by Arvind Limited to address major societal issues in Urban India. Since its inception, the Trust has carried out many programmes to help the urban poor. The foundation of the Trust's strategy for helping the urban poor lands on articulation of five important needs of the urban poor. Arranged according to their importance in the hierarchy of an individual's needs, these are:

- High quality infrastructure that provides the basic amenities to a family
- Primary health care
- Access to quality secondary and tertiary health care
- "3 R's" (skills in reading, writing, and arithmetic)
- Scope for upgrading an individual's skills to build the individual's capacities

The SHARDA Trust has worked on all the areas except the primary healthcare. Following paragraphs present a glimpse of all the activities that SHARDA has carried out so far with a focus on the ambitious education programme of the Trust – "Gyanda – Fountain of knowledge" that aims to improve the quality of education in the Municipal Schools.

## Infrastructure Improvement of Slums

The first programme that the SHARDA Trust worked on after its inception in 1995 was a Public Private Partnership programme to improve the physical infrastructure of a slum. It joined hands with the Ahmedabad Municipal Corporation to upgrade the physical environment and living conditions in a slum pocket called "Sanjay Nagar." The Municipal Corporation assigned the task of implementation to the Trust, which completed the project within time and budget – something not very common with regard to public projects in this country. So innovative was the Trust's approach that the United Nations Centre for Human Settlement (UNCHS) in-

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cluded Sanjay Nagar project in their "100 Best Practices Global List".

Following the completion of this project, the SHARDA Trust has worked in a number of areas. Providing secondary and tertiary healthcare to the urban poor through networking with prominent hospitals in the city is one such area.

Upgrading the skills of the urban poor for enhancing the income of the unemployed youth by training them as sewing machine operatives is another area that the Trust was active in. The Trust undertook this initiative in collaboration with the National Institute of Fashion Technology (NIFT) Gandhinagar and organized placement for all the successful participants with the local garment manufacturers. It has so far trained and placed over 300 persons in Ahmedabad. Almost 200 of the 300 people trained were placed with Arvind itself.

In line with upgrading skills and placing the successful participants, the Trust also offered programme in Practical English for the youth belonging to poor families and then equipped them with computer skills under a Programme in Practical English and Computer Applications (PECA) Training. The Trust undertook this in collaboration with the sister Trust, Chandraprasad Desai Memorial Foundation. This activity enhanced the employability of the participants in the BPO and ITEeS industry where data processing and comprehension was required. The Trust trained about 250 persons and placed majority of them with suitable jobs with ITEeS and BPO Industries.

These programmes were conducted during the first decade of the Trust between 1995 and 2005. The focus of these programmes was to bring immediate relief to the present condition of the target group in the urban segment. All the programmes addressed the needs of the urban population that the Trust had identified.

In 2006, after a review of its programmes, the Trust de-

cided to initiate primary education for the urban poor children to improve quality of education in city's municipal schools.

### Rationale for Initiating Educational Programme for Municipal Primary Schools

Despite considerable improvement in the literacy status, India is still home to the largest number of illiterate people in the world, accounting for about one-third of all illiterates<sup>15</sup>. Although, the number of students graduating in India has almost doubled from 6 per cent of the total students enrolled in 2006 to 12 per cent in 2011,<sup>16,17</sup> the quality of graduates in terms of the knowledge and skill that they possess leaves much to be desired. The recent NASSCOM survey suggests that only about one-third of the graduates are employable. As the Indian economy becomes part of the global economy, the country now requires people with relevant knowledge, appropriate skills, and right attitude to face the challenges of a knowledge economy.

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If the quality of education provided at the school level does not improve dramatically, the country may face extreme crunch for qualified knowledge workers.

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If the quality of education provided at the school level does not improve dramatically, the country may face extreme crunch for qualified knowledge workers. The recent statistics released by the Ministry of Human Resource Development prove that the number of dropouts increase with every advancing class throughout school and higher education. Table 1 has the details.

Though the data does not indicate who drops out, it is not far to seek. As India's vast majority still lives in rural areas, children who drop out are from the underprivileged families of rural India. Those children who drop out from urban areas are from very lower strata of society studying in Government or Municipal Schools. Those who continue find it extremely difficult to cope up with the increasing level of complexity of content and drop out at one level or the other. The main reason for this dismal performance is weak foundation of all subjects taught. If quality and holistic education is provided to underprivileged students at primary level, it will increase their chances of completing their education thus

**Table 1: Statistics of School Education**

Class	Enrollment	Retention as compared to Class 1 (%)	Dropout as compared to Class-I (%)
I	3,15,83,599		
II	2,79,95,226	89	11
III	2,68,57,195	85	15
IV	2,53,06,249	80	20
V	2,39,27,574	76	24
VI	2,11,22,735	67	33
VII	1,96,60,955	62	38
VIII	1,86,37,312	59	41
IX	1,61,79,992	51	49
X	1,44,18,527	46	54
XI	93,81,098	30	70
XII	82,86,246	26	74
Total enrolment of youth	37,90,332	12 (2011 data)	Government intends to increase enrolment in graduation courses by 3% by the end of Xlth Plan (2007-2012)

**Source:** Statistics of School Education 2009-10. MHRD  
**Link:** <http://education.nic.in/stats/SES-School-2009-10-P.pdf>

<sup>15</sup> Human Development Report 2011, Planning Commission of India.

<sup>16</sup> All India Survey on Higher Education: Pilot Report (2011), MHRD, New Delhi.

<sup>17</sup> Higher Education in India: Strategies and Schemes during Eleventh Year Plan Period (2007-12) for Universities and Colleges, (2011), UGC, New Delhi.

making them self-reliant.

In 2006, when the Trust initiated this programme, a similar data by MHRD shocked the Trustees. Data suggested that only about 6 per cent of the children enrolled in primary education completed graduation. Ninety-four per cent dropped out before reaching class XII. Though the Trustees had conceptual clarity about the situation, it was difficult to believe that the situation was so grave. If this continued, the Trustees argued, it would be difficult for the country to sustain the economic growth rate. At the local level, in Ahmedabad, over 150,000 children study in Municipal Schools. If the majority do not receive quality education and fail to complete their education, in years to come, the local industry will find it extremely difficult to get a talent pool. This will adversely affect the already stretched manpower scenario in the region. Though the Trust is aware that it is only a small step in the right direction, it believes that the Gyanda model that it had started in 2006 and tested over six years is a unique model and could be the answer for educating the poorest of the poor children — the critical problem the country faces.

## Education Model and Strategy

### Gyanda – Fountain of Knowledge

The Gyanda Model was designed keeping in view the strong understanding that Arvind’s CSR team had about

the condition of urban poor in the context of the emerging socio-economic scenario and the dire need for provision of Quality Education and completion of education for the poorest of the poor children studying in Government and Municipal Schools.

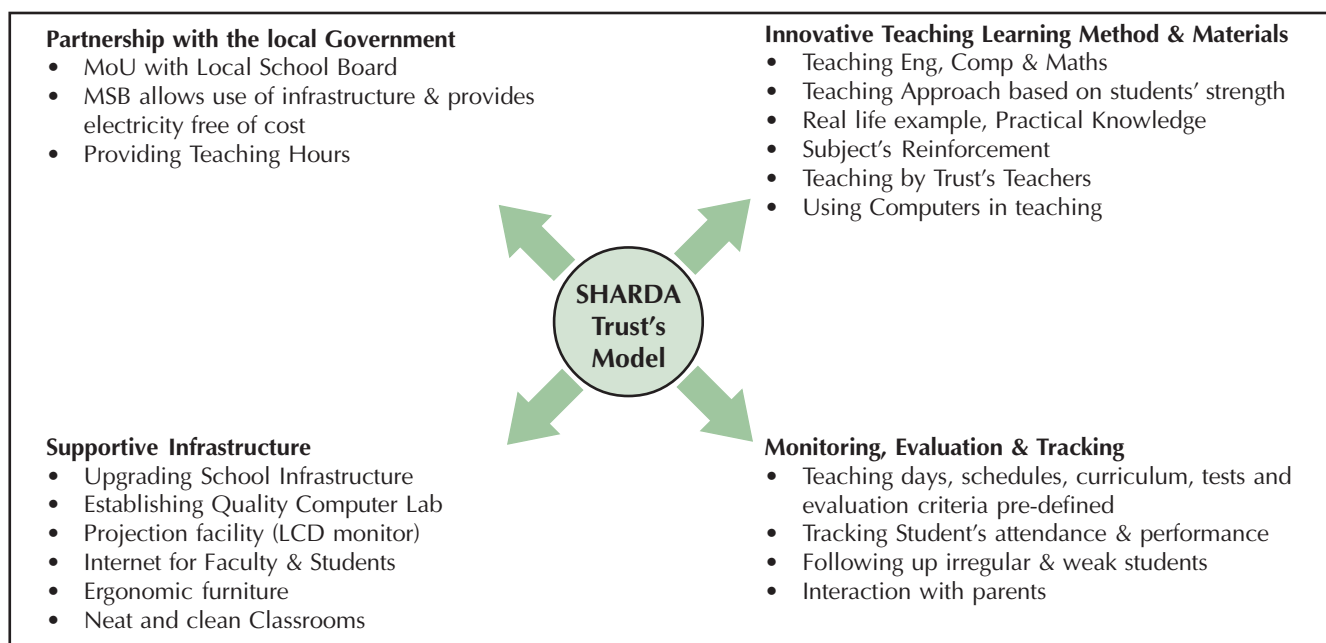
The Gyanda Model is a unique and comprehensive model which has four basic components (Exhibit 1):

- i) Partnership with the local Government – the Municipal School Board
- ii) Creation of supportive infrastructure
- iii) Development of innovative-teaching-learning methods and materials, teaching through Trust’s teachers
- iv) Continuous monitoring, evaluation and tracking of every child.

There would be very few models which take care of all the four components, which makes it a comprehensive and unique programme.

The programme aims to work with children for about six to eight years and ensure that the bright and interested students complete their education and hope that it is *the last generation in poverty for them*. Besides academics, maintaining strong communication with the parents to ensure their active involvement in their children’s learning process and exposing children to many co-curricular activities like drawing, painting, field visits, and giving them opportunity to talk to people from

### Exhibit 1: Gyanda – Fountain of Knowledge



different walks of life, are the major strengths of the programme.

With the above mentioned thought, the Trust implemented the model.

In 2006, the SHARDA Trust launched the programme 'Gyanda – Fountain of Knowledge,' an initiative designed to improve the quality of education in Ahmedabad's municipal schools. The Trust has signed a Memorandum of Understanding with Municipal School Board that allows establishing education centres within the schools and teaching English, Computers, and Mathematics to the students from standard V to VII through the Trust's Instructors. Bright and capable students are identified after class VII through a carefully designed monitoring and evaluation process and are sponsored for further studies till class XII in city's better schools. They are then coached for all subjects regularly after their school hours. For this purpose, the Trust has a team of 20 full-time teachers and coordinators and 5 visiting teachers. The strength of Gyanda programme lies in regular teaching and maintaining attendance of students. Last but not the least, maintaining strong communication with parents through a series of Parent's meets on pre-decided dates helps in constantly updating parents about their children's progress, establishing a strong emotional rapport between the parents and the students, and motivating them for continuing with education.

It has been realized that students would attend school only if they understand and relate to what is being taught in the school and parents have faith in the system.

### **Organic Growth of Education Programme**

The educational programme for students of Municipal Schools was started in 2006. The Trust initiated this activity by setting up Computer Centres at Municipal Schools on its own cost for teaching classes V-VII. Soon, it was observed that teaching English and Mathematics would be necessary for making the students more competent. For this purpose, in-house teaching material was developed which

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The first major challenge that remains to be overcome is to attract the best brains of the academic world to come and work with the poorest of the poor children at the primary education level.

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was continuously evaluated and refined on the basis of session feedbacks given by our instructors.

Initially, the programme aimed at three-year continuous teaching for classes V to VII with the hope that as these students moved from the primary to the secondary section, they would become self-sufficient for further studies. It was soon realized that three years were not enough for the said purpose. As a logical extension, the Trust started teaching the secondary classes, i.e., VIII-X, making it a six-year continuous programme.

It started with one secondary centre at Rachna School, Shahibaug. The strength increased and it was decided to come up with two secondary centres for the students. Today around 100 students of secondary section are sponsored by the Trust and also provided with regular coaching. This number is expected to reach at least 300 within the next two years. Hence, from 2013-14, the Trust will have about 900 students in its primary section and 300 in the secondary section.

### **Challenges Faced**

The first major challenge that remains to be overcome is to attract the best brains of the academic world to come and work with the poorest of the poor children at the primary education level. It is important because the children studying in the Municipal Schools are largely first generation learners and cannot have any academic or economic support from home for their study. SHARDA Trust recruits committed individuals who are qualified but may not be appropriately skilled and upgrade their skills over a period of time to help them interact and teach children effectively.

The second major challenge is to develop the relevant teaching material that the students can identify and relate to. The Trust's team develops its own teaching material and the teachers use them to undertake prepared teaching sessions. The Trust's teach-

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The major challenges that we see in CSR is that it is still being considered as an act of charity rather than a strategy to improve corporation's competitive context.

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ing approach is based on Mahatma Gandhi's suggestion to the teachers - "Teach for life, through life, and throughout life." It demands that teaching of a subject must emphasize the logical structure of the subject, use students' intuitive feel for the subject, and highlight the subject's practical applications. To do so, the Trust makes special efforts to write cases from the occupation of the students' parents. Presenting cases from the occupations of the students' parents has an added advantage because students have a good understanding of their parents' occupations. This should not surprise us since the students studying in the Municipal Schools come from the poorer section of the city's population and, they help their parents in their occupation.

The third major challenge is to maintain close rapport with the parents and communicate to them the attendance and performance of their children on a regular basis. We are conscious of the fact that that the parents struggle to make two ends meet and spending any time away from their work is a monetary loss to them. However, we have spent enormous time in planning the parent's meets. Generally, we meet with the parents about six times in a year on pre-decided dates, write to them in advance reminding them about each meeting, and conduct meetings with a prepared and pre-defined agenda on a convenient time to ensure that we spent minimum of their time. In addition, we have started Parent's workshops for helping them to deal with their adolescent children and answer their questions effectively. Our constant efforts have resulted into better attendance and performance for our students. When we started in 2006, our average attendance in class was hardly 50 per cent. This is now almost 80 per cent. Initially, our conversion from class V to VIII was about 25 per cent. Now we have at least 50 per cent conversion. These positive results have come to us through the intense involvement of the parents.

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Convincing corporations to move away from signing cheques to NGOs and self initiating work for bringing social goods that help the community and the corporations alike is another challenging area.

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All programmes which grow in numbers do not necessarily add value and all programmes that have small numbers are not necessarily low on value.

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## Our View of Corporate Social Responsibility

Our view of 'CSR' is based on our conviction that corporations and society are interdependent. Though distinct, they are not mutually exclusive. They exist together and function together. Social issues affect corporations and the corporations' actions in turn affect the society. Once we accept the view that corporations and the society must exist together and work together, the debate whether corporations should accept 'Social Responsibility' becomes

futile. Social Responsibility then gets integrated with the corporation's total functioning and results in what Professor Michael Porter calls 'corporate social integration'. Translating 'CSR' into 'corporate social integration' would result in corporations treating 'CSR' as an integral part of their strategy and not as an act of philanthropy.

The major challenges that we see in CSR is that it is still being considered as an act of charity rather than a strategy to improve corporation's competitive context. Also, working on many issues rather than focusing on a few to bring in qualitative and quantitative results which can be perceived by the poorest of the poor is another area of concern. Many corporates in a region working individually and not pooling their resources to work on their common focus area is another area of concern. Bringing corporates together on a common platform for undertaking result-oriented social programmes is the need of the hour. Finally, convincing corporations to move away from signing cheques to NGOs and self initiating work for bringing social goods that help the community and the corporations alike is another challenging area.

## Discussion

Any development programme is judged based on whether it can sustain over a period of time. Needless to add, we must look at sustainability and the replication as two different things. We strongly believe that all programmes which grow in numbers do not necessarily add value and all programmes that have

small numbers are not necessarily low on value. One important criterion to judge a programme should be to judge its effectiveness by judging whether students are completing the education till the desired level. Gyanda has strongly proved that if the community and the students are followed up well and their involvement in the programme is sustained, it is possible to ensure the enrolled students that theirs would be the last generation in poverty.

For the financial sustainability, programme is funded through a committed corpus and recurring cost model. It ensures that the programme continues without any

problem. This is important because education for us is a programme and not a project that require continuance.

The basic premise of the programme is that providing infrastructure or material aid will not suffice actual need of providing quality education and ensuring completion of education especially to first generation learners studying in Municipal Schools. There is a need for working closely with students and parents for at least 6 to 8 years and tracking their educational achievement, attendance, and thus grooming them into independent individuals. ✓

## HSBC: CSR for Corporate Sustainability

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The sustainability movement at HSBC has seen several stages while evolving into what it is today. Over the past decade, the bank has taken initiatives which, taken together, have now become a part of its ethos and defines what HSBC is about. The movement is borne out of a deep understanding of what really drives businesses, and that sustainability is not just a nice thing to do; it is the right thing to do for every business.

Why sustainability? HSBC believes, for any business to sustain and grow in the long term, it cannot see itself as being isolated from the community around it. Hence, for an institution like HSBC, the community must mean people and the environment in which we live. While these two components are, in a sense, universal and will be at the centre of most sustainability initiatives, there are various components which make up this huge canvas.

HSBC, therefore, realized it was imperative for it to pick what it felt were areas where its contribution could be more meaningful and decided to concentrate on those. These were the areas of 'Financial Inclusion' (that com-

prises of education, financial literacy, like skills development, livelihood and women's empowerment) and 'Environment and Climate Change' which today are the pillars of its sustainability strategy.

The three major ways by which we, at HSBC, convey Corporate Sustainability (CS) are:

- Our business practices
- Our proactive CS programmes – community investment and volunteerism
- Managing our footprint

HSBC's corporate sustainability strategy includes the development of sustainable business opportunities, management of its own environmental footprint, and its community investments.

For the bank, therefore, CS is much more than funding of social sector

projects. HSBC believes in the true spirit of partnership, and is an active player in all the CS initiatives which it undertakes. Alongside funding of projects, imparting of technical expertise and knowledge are equally critical

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in the journey towards sustainability.

Let us consider financial inclusion. The financial crisis has highlighted, among other things, the need for better financial literacy so that people can understand and manage their own finances better, becoming self-sufficient in the process. HSBC's financial inclusion initiatives support the education of children from underprivileged communities, life skills training for disadvantaged youth, and financial literacy and entrepreneurship capacity building for rural women in marginalized communities.

Given that the Bank has a limited network of branches, it has adopted a partnership-based approach to help scale its initiatives beyond our branch network. As a result, HSBC works closely with not-for-profit organizations, microfinance institutions, social enterprises, and various state governments to deliver the financial inclusion agenda. Besides, the bank's Inclusive Business Unit (IBU) looks after the banking requirements of the bottom of the pyramid, working on delivering products and technology for financial empowerment of the underprivileged.

The IBU supports microfinance institutions (MFIs), empowering individuals to gain financial independence and help their communities to prosper. By facilitating microfinance-oriented capacity building support to entrepreneurial activities in a cost-effective way, these partnerships are helping thousands of rural women become sustained and successful entrepreneurs. The benefits accruing to society because of such economic and social stability will indeed be many.

The following case study is a good example of how business and CS worked together to deliver a very strong programme on the financial inclusion agenda.

### **Case Study 1: The MannDeshi Story**

In 2010-11, HSBC India supported a women's NGO, MannDeshi Foundation, to launch an IT-enabled financial inclusion eCard solution, for a women's co-operative bank in rural India

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– the MannDeshi Mahila Sahakari Bank. Based in Satara, rural Maharashtra, this bank for the last 13 years has been serving the needs of under-banked women by providing both banking and knowledge support to help them become self-sufficient. The bank operates through a doorstep banking model, wherein the staff visit customers door-to-door to carry out banking transactions at their doorstep.

The HSBC and MannDeshi co-branded eCard helped the cooperative bank automate their doorstep banking (sourcing, field investigation, credit appraisal, disbursement, collection and customer service) thereby enhancing efficiency and improving the entire process. The card supported implementation of the specialized skill-based training and subsequent loan-use monitoring. By automating the existing manual process, the eCard enabled the delivery of errorless and timely service.

For customers, the eCard works like an electronic passbook that helps them access basic customer information, such as account balance, status of loan account, as well as repayment history at their doorstep.

The initiative helped HSBC gain field experience in managing mass volume business with the help of a business partner network and supported by a technology-linked platform.

The seeds of this project were, in fact, sown earlier, in 2006, when HSBC provided a grant to MannDeshi Foundation for setting up a rural business school for women – the MannDeshi Uddyogini. The school was set up in

the remote district of Satara to train young girls who dropped out of school and women with limited or no formal education, to prepare them to be successful entrepreneurs. These women received training in a range of skills in financial literacy, marketing, negotiation, and confidence building. But subsequent support from HSBC to scale up the programme has led to the creation of over 24,000 women graduates (in financial literacy and skills training), over

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HSBC works closely with not-for-profit organizations, microfinance institutions, social enterprises, and various state governments to deliver the financial inclusion agenda.

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11,500 successful women entrepreneurs, and 6,800 new businesses in the region. In 2011-12, HSBC supported the transition of the school to a management institution for women entrepreneurs and start-ups.

HSBC believes, financial inclusion can never be looked at in isolation. Critical to its success is education. Taking off from this conviction, the bank invests in educational projects around the world for disadvantaged youngsters and children – particularly those which are driven by innovation – believing that access to education offers the best opportunity for mainstreaming and growth.

### **Case Study 2: The “Radiophone” Education Project**

In 2011-12, HSBC partnered with two Delhi-based organizations, The Restoring Force (TRF) and the Sesame Workshop, for India’s first and only indigenously produced educational television programme for young children.

The “RADIOPHONE” project builds on the success of Gurgaon ki Awaaz Samudayik Radio Station, a popular local community radio station run by TRF, to address the educational and health needs of disenfranchised children (ages 4 to 8 years), particularly girls, and families of primarily migrant labour population of Gurgaon.

The programme involves a school-based intervention for classes I and II. The radio show is accessible over radio and cell phones in a 200 sq. km. area of Gurgaon, and has an anticipated reach of 30,000 listeners per day.

The “RADIOPHONE” project is unique in that it uses community radio (mass media) as part of an education programme, thus strengthening not only the schools that form part of the intervention, but also creates community awareness about education issues in the larger community. In addition, the project can become a sustainable model for scale-up to community radio stations around India, by providing a large set of pre-set (canned) radio content on education that can be localized, customized, and repeated.

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HSBC believes, financial inclusion can never be looked at in isolation. Critical to its success is education.

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It requires a concerted effort between business and governments on policies and programmes to accelerate the world’s transition to clean energy technologies.

Importantly, climate change is an area where the role of advocacy can hardly be overemphasized.

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## **Environment and Climate Change**

Tackling climate change is one of the biggest challenges the world faces over the next few decades. Corporates across the world have begun taking note of this challenge and are drawing up action plans to seek solutions. Businesses are showing leadership by voluntarily reducing their carbon emissions. A growing number of companies are publicly comparing their performance against stringent sustainability indicators. Increasing levels of investment in sustainable initiatives are helping green businesses to grow.

At HSBC, while we acknowledge the challenges posed by climate change, we also recognize the opportunities it creates. The role of a financial institution assumes greater significance in this context. Financial institutions assume the risk of companies and plants and can exercise considerable influence over investment and management decisions which could be brought into play for the benefit of the environment.

HSBC anticipates playing an important role in the transition towards a low-carbon economy over the long term. The bank also believes that water will be an essential area of concern to be addressed for going forward.

There is also increased realization of the need for public-private partnerships. We believe it requires a concerted effort between business and governments on policies and programmes to accelerate the world’s transition to clean energy technologies. Importantly, climate change is an area where the role of advocacy can hardly be overemphasized.

### **Case Study 3: Partnership with the Bureau of Energy Efficiency (BEE)**

In 2010-2011, the Bureau of Energy Efficiency (BEE) and HSBC signed a Memorandum of Understanding to work closely on the former’s Energy Efficiency Financing Platform (EEFP). The objective of EEFP is to create a mechanism towards mainstream financing of energy efficiency projects.

It will provide instruments like bankable Detailed Project Reports (DPRs) and other risk mitigation measures to enhance comfort for lenders towards aggregated energy efficiency projects.

The partnership aimed to strengthen EEFP that seeks to overcome barriers to financing of energy efficiency projects through risk sharing strategies and capacity up-gradation of financial institutions.

The association enabled HSBC to be part of BEE's initiatives in its mission to develop the power market for optimal utilization of energy during the XII Plan which include programmes like Demand Side Management (DSM), Energy Conservation Building Code, Energy Efficiency in existing commercial buildings, and Standards and Labeling Programme.

As part of this exercise, HSBC and BEE have engaged International Institute for Energy Conservation (IIEC), an international not-for-profit, to develop a customized capacity building programme for bank managers that will provide them improved capabilities to effectively appraise and finance energy efficiency (EE) projects.

But no initiative of this magnitude can come without its own set of challenges, given India's social and economic imperatives. Specific to the community investments where HSBC partners with a large number of not-for-profit organizations across the country, the key challenges lie in:

- Selection of partners (therefore, a robust due-diligence process had to be developed to ensure we associate with the right partner)
- Gauging the partners' capacity to upscale
- Ensuring sustainability of the programme
- Inadequate documentation and reporting skills in spite of having very strong on-ground programmes.

While there is no quick solution, these challenges have resulted in:

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Institutions like HSBC will constantly have to work on forging partnerships – both public and private – and in generating awareness at the highest policymaking levels by way of advocacy.

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- Development of a robust due diligence process to ensure selection of the right partner
- Creation of 'Catalyst', a network of employees in all HSBC offices and branches across the country who engage with the respective partners near their location
- Investment in building capacity of the not-for-profit partner.

Besides, the seriousness and scale of the problems being confronted means that institutions like HSBC will constantly have to work on forging partnerships – both public and private – and in generating awareness at the highest policymaking levels by way of advocacy.


With the successes already seen in the partnerships forged thus far, HSBC is working towards more such joint efforts in the future.

Corporations globally have realized that sustainability must now be a part of core business strategy to have the maximum impact. We, at HSBC, have institutionalized this thinking with respect to CSR, by involving the top management and forming full-fledged CS department to chalk out the CS strategy for the bank and also monitor its progress and impact. In addition, we also believe that our colleagues are among the most significant stakeholders. Their understanding and engagement are critical to the success of any CS strategy. We follow a two-pronged strategy to engage a large number of employees through 'event based volunteering' and 'skill-based volunteering' efforts; employees including seniors offer their specialized skills and expertise ranging from accounts to marketing, legal, taxation and the like, and help build capacity of our NGO partners.

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At HSBC, we aim to lend and invest responsibly, avoiding projects where the potential for environmental damage outweighs the economic benefits.

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Being one of the world's biggest financial institutions means we can make a big difference. With that comes the responsibility to ensure that our activities are a force for good. At HSBC, we aim to lend and invest responsibly, avoiding projects where the potential for environmental damage outweighs the economic benefits. 

# CSR at Coca-Cola

## Ananya Madhavan

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*“The one common denominator we see among the most successful and prosperous communities we serve is a strong commitment to sustainability. A commitment shared by business, government and civil society”* said Muhtar Kent, Chairman and CEO, Coca-Cola Company.

Corporate Social Responsibility ensures that a company does business in an ethical manner and is accountable for the social and environmental impacts that the business creates for the society. Coca-Cola sees its sustainability efforts first and foremost as the right thing to do, a continuation of responsible corporate citizenship that began 125 years ago. In a world where populations are growing, natural resources are stressed, communities are forced to do more with less, and our consumers' expectations are expanding, we understand that sustainability is core to our business continuity and depends on how we create long-term value. It is our belief that a business can only be sustainable if the people and communities that we touch are sustainable and enriched along the way.

As the world's largest beverage system, Coca-Cola has a presence in thousands of communities, across more than 200 countries, worldwide.

This kind of widespread reach not only provides us with enormous business potential, but also gives us a rare opportunity to make a real and lasting difference to the communities that we operate in. CSR and sustainability is a central part of our business strategy and we have dedicated manpower and resources to work towards our sustainability goals. Sustainability is a crucial component of Coca-Cola's global 2020 Vision which is based on our goals in each of the 6 'Ps' (pillars) of our business - People, Portfolio, Partners, Planet, Profit, and Productivity. The Planet component of our 6P strategy defines

our focus areas in the realm of environment and sustainability.

## Sustainability Framework

In order to further refine our approach to sustainability and bring about a focus to our efforts in the field of community development and sustainability, together with our bottling partners and stakeholders, we have worked to create a Sustainability Framework, focusing on 7 pillars of 'Live Positively'.

'Live Positively' is Coca-Cola's system-wide commitment to making a positive difference in the world. It is focused in the areas of *Marketplace, Workplace, Community, and Environment* and has seven core elements that are key to our business sustainability: Active lifestyles, Beverage benefits, Climate protection, Community, Sustainable packaging, Water stewardship, and Workplace rights. We define our priorities for each of the seven focus areas:

**Beverage benefits:** Strive to offer beverages for every lifestyle and occasion, while providing quality that consumers trust. Our commitment to consumers is to provide a variety of products for every lifestyle and occasion.

**Active healthy living programmes:** Aspire to help people lead active, healthy lives by providing product variety, nutrition information and consumer health education; and supporting physical activity programmes.

**Building sustainable communities:** Foster sustainable communities through economic development, philanthropy and the creation of economic and social opportunities.

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In a world where populations are growing, natural resources are stressed, communities are forced to do more with less, and our consumers' expectations are expanding, we understand that sustainability is core to our business continuity and depends on how we create long-term value.

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**Energy efficiency and climate protection:** Aim to be the industry leader in energy conservation and climate protection by not increasing carbon emission from manufacturing products.

**Sustainable packaging:** Creating value at every stage of the packaging lifecycle, through efforts to reduce, recover, and reuse.

**Water stewardship:** Work to safely return to nature an amount of water equivalent to what we use in our beverages and their production..

**Workplace rights:** Create a diverse, healthy, inclusive and safe work environment aligned with internationally respected human rights principles.

Through 'Live Positively', we see our role as reducing our own environmental footprint while helping sustain communities through economic development and community support and continuing to deliver great-tasting, refreshing beverages that are enjoyed around the world. We are working continuously towards improving our water and energy efficiency across our system. Increasingly, we are developing innovative packaging that uses fewer resources and costs less to manufacture and transport. These actions will enable us to operate more efficiently and have the resources to continue investing in our growth. We are supporting the desire of individuals to lead healthier and more active lifestyle by introducing an ever-widening variety of beverages to meet evolving refreshment, nutrition, and hydration needs. We also support community sports programmes to give people the opportunity to be active throughout their lives

For example, in the realm of Active Lifestyles, we have a global commitment to support at least one active, living programme in every country around the world. In India, among other programs, we support the Coca-Cola Under-16 football tournament in partnership with AIFF and the national Under-16 Cricket tournament with Procarn International. These initiatives promote physi-

cal activity and encourage students to lead active lives. These grassroot level initiatives provide a platform for over 100,000 young players from various parts of the country to showcase their talent and skill and take up sports as a career.

On Climate Protection and Energy Conservation, our aim is to grow the business and not the carbon. Coca-Cola India launched a new innovation named, eKOCool, a solar powered refrigerator, in electricity deficient areas. This innovation is environment-friendly, reduces CFC's and HFC's emission from refrigerators and is an initiative that supports our efforts to building sustainable communities, by economically empowering the emerging population in rural India, especially women.

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Due to intermittent or no supply of electricity, electric powered refrigeration is not a good option in rural areas. The eKOCool overcomes the barrier of grid power availability and provides growth opportunities for many small business enterprises in areas which have unreliable or no access to grid power.. The refrigerator uses solar power innovations to charge mobile phones and a solar powered lantern. The mobile charging dock provides additional money generating activity and the solar lantern brings light to the shop during evening and night time, thus helping retailers remain open for longer hours. Coca-Cola India has already installed 20 such coolers and plans to expand the deployment of up to a total 500

coolers by this year end.

In the arena of water stewardship, our global goal is to safely return to nature an amount of water equivalent to what Coca-Cola uses in all beverages and production and we achieved this goal for our India operations in 2010 with respect to the use of groundwater. This was accomplished by reducing our water usage ratio (efficiency); recycling the water used in our operations (wastewater treatment); and replenishing the water we use in our manufacturing process through community water access and watershed restoration and protection. Throughout the Coca-Cola system, we are intensely fo-

cused on water stewardship, and we have established partnerships with NGOs and communities to help us progress in each area. Our water stewardship strategy is built on the needs of our business and the communities where we operate and is informed by a comprehensive water risk analysis of the Coca-Cola system.

At the end of 2011, our system in India had installed more than 500 rainwater-harvesting structures spread across 20 states. These structures have been installed in partnership with Resident Welfare Associations, Market Welfare Associations, Educational Institutions, Industry Associations, NGOs and local communities. We had also undertaken the restoration of several ponds including the historical Sarang pond in Sarnath and Lehartara pond in Varanasi. We had also constructed check dams in several areas of the country like at Kalahasti in Chittoor, in Andhra Pradesh, at Ramnagaram near Bangalore and at Wada near Mumbai.

### Drip Irrigation Projects

In partnership with farmers and Krishi Vigyan Kendra (KVK – a government agency), Chomu, Rajasthan, the Company and its bottling partner have embarked on a three-way partnership to promote drip-irrigation for initiating water-efficient agriculture in Kaladera area, near Jaipur. Drip irrigation, also known as trickle irrigation or micro irrigation is an irrigation method which minimizes the use of water and fertilizer by allowing water to drip slowly to the roots of plants, either onto the soil surface or directly onto the root zone, through a network of valves, pipes, tubing, and emitters. The Coca-Cola system provides part funding to farmers to install the equipment while Krishi Vigyan Kendra provides the knowhow, training, and insights to the farmers to carry out drip irrigation-based farming. At the end of 2011, we had supported the installation of 400 drip irrigation projects spread over an area of 200 hectares.

Likewise, for the local communities where we have operations, we employ local people, source local ingredients, and produce and sell its products locally —

directly and indirectly creating millions of jobs. As a company, we believe that the sustainability of our business depends on sustainable economies.

Some of the interventions that we have made for the communities include a free retailer training programme called “Parivartan” run by The Coca-Cola University. Under this program we teach and train retailers in classrooms as well as a mobile customized bus. The mobile bus is equipped with LCD’s, screens, and chairs to provide a full classroom-training atmosphere. The training provided is on cash management, stock keeping, display and merchandising, and finance management. Each

retailer also receives a Coca-Cola “Certified Retailer” certificate at the conclusion of the program. We now have four buses which act as mobile classrooms, having started from class 1. We also provide retailers with an accidental death insurance of Rs 1 lakh free of cost as a protection against any eventualities. After three years of the program, we achieved a major milestone of training 100,000 retailers, free of cost, in rural areas and villages in January 2012.

To contribute to positive change and achieve our sustainability goals, we partner with several local and international partners, government agencies, NGO’s and trade bodies, on community projects to ensure accurate

implementation and widespread awareness of projects.

One of our signature programmes to promote education in rural areas is the Coca-Cola Support My School programme. This is based on our belief that every child has a right to learn in a happy, healthy environment, which is critical for the overall development of the child. Today, many children in India do not have access to basic amenities in their school. Lack of proper sanitation facilities in schools in rural India continues to remain a huge challenge.

Coca-Cola in partnership with NDTV launched the Support My School (SMS) campaign on the 24th of January, 2011. This is a nationwide attempt to create Awareness

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on Water and Sanitation, Environment, Healthy Active Living and providing a holistic environment in schools. The Support My School campaign is expected to directly impact at least 50,000 students in 100 schools across India. Each of the 100 schools will receive improved access to water and gender-specific sanitation, infrastructure for water conservation and rainwater harvesting, landscape improvement, library construction, teacher training, and new sports facilities. The campaign directly impacts at least 50,000 students in 100 schools across India.

SMS partners with UN-HABITAT, Charities Aid Foundation India, and Sulabh International. Pearson Foundation is a Learning Partner and Luminous has installed inverters for each school. Merck, H2O for Life and Global Water Challenge are the global partners of this programme.

The Coca-Cola Company has dedicated resources at the Business Units, at Bottling Plants and at its Corporate and Group offices that plan, strategize, and execute sustainability projects and goals. A case in point is the appointment of a dedicated team and office under the leadership of Beatrice Perez, focused on achieving sustainability goals. Bea Perez as the Vice President and Chief Sustainability Officer, leads the global office of Sustainability and is responsible for creating and overseeing an integrated sustainability strategy; setting high-level goals and commitments; assessing and driving scaled investments; and managing global sustainability partnerships and programmes. The global office develops strategies, programmes and goals that need to be achieved, in partnership with sustainability officers for each country, our bottling partners, stakeholders, and employees.

In India, CSR and Sustainability fall under the Public Affairs and Communications department at the Business Unit level, with dedicated resources for CSR activities. Even our bottling offices have human resources dedicated to sustainability and CSR projects to take forward the company's sustainability initiatives in partner-

ship with local NGO's and government organizations. In addition to that, Coca-Cola in India also has a Foundation called 'Anandana'. The Coca-Cola India Foundation (Anandana) is now taking forward in the community at large, projects and programmes of social relevance to carry forward the message of inclusive growth and development.<sup>18</sup>

We recognize the need to report quantifiable metrics and targets, in particular as they relate to our environmental, social, and economic impact. The Coca-Cola Company releases an annual Sustainability Report, using external standards, such as the Global Reporting Initiative (GRI) and a third-party external verification agency,

FIRA. We also structure our reporting on the principles outlined in the UN Millennium Development Goals, the UN Global Compact, and the CEO Water Mandate. The India Business Unit also releases an Annual Sustainability report, detailing the various activities undertaken during the year and the progress made under each of the seven 'Live Positively' parameters. Other than this, an external and independent Advisory Council for Environment & Sustainability (ACES) led by General V P Malik (former Chief of Army Staff) helps the company track and monitor its CSR activities in the Business Unit.

In a world where populations are growing, natural resources are stressed, communities are forced to do more with less and our consumers' expectations are expanding, we understand that sustainability is core to our business continuity and how we create long-term value. We understand that consumers worldwide choose products not just based on their quality but also on the basis of the reputation of the companies producing them.

We know that our employees, bottlers, suppliers, customers, and consumers, have a key role to play in our sustainability efforts. They are key to our recovery and recycling efforts and are often deeply involved in im-


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<sup>18</sup> For more details on activities of the Coca-Cola India Foundation, please visit the website of the Coca-Cola India Foundation, [www.anandana.org](http://www.anandana.org).

proving their communities, providing guidance, connection, and collaboration for our community improvement efforts. By using our widespread network and expertise, we help not just our employees, but people all over

the world act responsibly towards the environment. Coca-Cola is focused on sustainability and we strive to be a force for lasting, positive change. 

## An Institutional Perspective on Corporate Social Responsibility

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Corporate Social Responsibility (CSR) has been extensively researched in the last four decades but little attention has been paid to explain its theoretical underpinnings. Addressing this gap in the literature, this paper takes the help of institutional theory to explain *why* organizations indulge in CSR.

There are broadly two streams of literature seeking to explain CSR activities: ethical and instrumental. Ethical arguments emphasize CSR to be a selfless altruistic activity that involves ethical obligations of going beyond the interests of organization<sup>19,20</sup> even if it results in unproductive resource expenditure for the company. On the other hand, instrumental arguments explain CSR as a purposive activity involving benefits in the long term, rectifying past mistakes, and lessening the repercussions of future mistakes<sup>21</sup>. The present study aims to examine the latter.

Institutional theory is particularly well-equipped to explain organizational activities such as CSR primarily

because under institutional theory, the 'field' is given importance. This field includes an organization's social context, area of activities, practices/norms, and social relationships. Institutional theory provides CSR with a multilevel theoretical explanation which includes actions within and outside an organization<sup>22</sup>.

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While internal organizational factors may enable or inhibit CSR, institutional players such as industrial associations, institutional investors, labour unions, consumers, media, and the government are equally important determinants of CSR activity of an organization.

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### Institutional Determinants of CSR

Players in the institutional field of an organization shape its CSR activities<sup>23</sup>. While internal organizational factors may enable or inhibit CSR, institutional players such as industrial associations, institutional investors, labour unions, consumers, media, and the government are equally important determinants of CSR activity of an organization.

Industrial associations may have some standards binding on their members. Membership of such associations gives organizations a legitimate position in the eyes of stakeholders. Corporations act in socially responsible manner if they belong to associations supporting CSR<sup>24</sup>. Institutional investors may also

<sup>19</sup> Frederiksen, C. S. (2010). The relation between policies concerning corporate social responsibility (CSR) and philosophical moral theories – An empirical investigation. *Journal of Business Ethics*, 93, 357–371.

<sup>20</sup> McWilliams, A., & Siegel, D. S. (2011). Creating and capturing value: Strategic corporate social responsibility, resource-based theory, and sustainable competitive advantage. *Journal of Management*, 37(5), 1480–1495.

<sup>21</sup> Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An Institutional theory of corporate social responsibility. *Academy of Management Review*, 32(3), 946–967.

<sup>22</sup> Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. (2007). Putting the s back in Corporate Social Responsibility: A multilevel theory of social change in organizations. *Academy of Management Review*, 32(3), 836–863.

<sup>23</sup> Jackson, G., & Apostolou, A. (2010). Corporate social responsibility in Western Europe: An institutional mirror or substitute? *Journal of Business Ethics*, 94, 371–394.

<sup>24</sup> Galaskiewicz, J. (1991). Making corporate actors accountable: Institution-building in Minneapolis–St. Paul. In W. W. Powell & P. J. DiMaggio (Eds.), *The new institutionalism in organizational analysis* (pp. 293–310). Chicago: University of Chicago Press.

play a role in monitoring social behaviour of organizations by opting out of organizations performing low on CSR. Cox, Brammer & Millington<sup>25</sup> in their study of 500 companies found that long-term institutional investors rejected the firms with low corporate social performance.

In India, Bombay Stock Exchange BSE-GREENEX, a carbon footprints' index has been prepared by Indian Institute of Management. The index reveals carbon emissions by the BSE listed companies. It is meant to mitigate the financial risks of investors.

An organization with bad reputation in society is likely to be perceived riskier by institutional investors and may lie low in their priority list. Petersen and Vredenburg<sup>26</sup> empirically found that social responsibility has bearing on the decision making of institutional investors affecting the perceived value for not only investment but

Organizations with strong labour unionization act in more socially responsible manner towards their employees. These organizations fear retaliation or bad reputation among their employees as well as the society at large.

whether to hold or sell the shares and consequentially impacting the capital market's valuation of the organization. Therefore, institutional investors implicitly force organizations to have a favourable image in the society.

Another source of pressure for organizations to engage in CSR is labour unions. Organizations with strong labour unionization act in more socially responsible manner towards their employees<sup>27</sup>. These organizations fear retaliation or bad reputation among their employees as well as the society at large. Here again, the purpose is to

gain legitimacy in the eyes of stakeholders. For example, in 2005, labour unions of Wal-Mart, dissatisfied with working conditions, created websites to influence public opinion against Wal-Mart, including Wake Up Wal-Mart and Wal-Mart Watch. As a result, by the end of 2005, Wal-Mart launched 'Working Families for Wal-Mart' and other public relations campaigns through website and television in order to regain the trust and legitimacy. This legitimacy helps organizations improve or ameliorate both intangible reputation and tangible financial performance<sup>28</sup>. Empirical evidence was found by Doh, *et al.*,<sup>29</sup> on the marketplace rewarding organizations following CSR (both in terms of reputation and financial performance).

**Figure 1: Institutional Players determining CSR Activity of An Organization**



### Imitation of CSR Activities

CSR may have benefits for an organization in the form of image/reputation improvement among customers, media limelight, satisfied employees, and better word of mouth, leading to better financial performance. Many organizations (like IKEA, General Electric, Herman Miller and several private hospitals) became more profitable or more competitive because of their green or other

<sup>25</sup> Cox, P., Brammer, S., & Millington, A. (2004). An empirical examination of institutional investor preferences for corporate social performance. *Journal of Business Ethics*, 52, 27–43.

<sup>26</sup> Petersen, H. L., & Vredenburg, H. (2009). Morals or economics? Institutional investor preferences for corporate social responsibility. *Journal of Business Ethics*, 90, 1–14.

<sup>27</sup> Miller, J. L., & Guthrie, D. (2007). Corporate social responsibility: Institutional response to labor, legal and shareholder environments. *Academy of Management Annual Meeting Proceedings*.

<sup>28</sup> Waddock, S. A., & Graves, S. B. (1997). The Corporate social performance – Financial performance link. *Strategic Management Journal*, 18(4), 303–319.

<sup>29</sup> Doh, J. P., Howton, S. D., Howton, S. W., & Siegel, D. S. (2010). Does the market respond to an endorsement of social responsibility? The role of institutions, information, and legitimacy. *Journal of Management*, 36(6), 1461–1485.

CSR activities<sup>30</sup>.

Organizations observe benefits accrued by others from their CSR activity and try to imitate their norms and practices<sup>31</sup>. Another reason for imitation stems from institutional investors' and governmental benefits for socially responsible organizations. Imitation helps in risk mitigation as other firms have already tried something that turned out to be successful. Imitation reduces the threat of making poor autonomous decisions with potentially negative consequences and saves costs associated with exploring potential alternative options<sup>32</sup>.

Organizations conform to industrial and social norms set by successful organizations in order to remain socially relevant<sup>33</sup>. Non-adopters fear being different from many successful adopters<sup>34</sup>. O'Connor & Schumate<sup>35</sup> empirically discovered within-industry mimicry of CSR communication. CSR communication helps organizations establish a public dialogue and create positive relationships with other institutional players. Due to the bandwagon effect, a growing number of adopters of an adaptive change drive a focal organization to subsequently adopt a similar change. Firms will participate more in CSR when other firms in the same industry have participated<sup>36</sup>.

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Due to the bandwagon effect, a growing number of adopters of an adaptive change drive a focal organization to subsequently adopt a similar change. Firms will participate more in CSR when other firms in the same industry have participated.

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## CSR as a Cushion for Actual or Perceived Harm Done to Society

CSR is more extensive in sectors where organizations have strong negative impact on stakeholders<sup>37</sup>. For example, oil companies tend to spend more on CSR because of environmental impact – their adverse impact on society in the form of extraction of oil (depleting fossil fuels), oil spills, energy use for operation and more significantly their impact on climate change due to use of the oil by the customers. Similarly, automobile organizations carry out CSR by educating people with traffic rules and by manufacturing less polluting hybrid

cars.

Various institutional factors may force firms to correct their actual or perceived harm done to society. Social movement organizations pressurize organizations to rectify the harm done to society<sup>38</sup>. Media disciplines organizations in their own way<sup>39</sup>. It plays an important role in quickly disseminating information to masses. Consumer activism also forces organizations to change their actions which cause harm to societal stakeholders, for example, Coca Cola, Starbucks, and Nike<sup>40</sup>. Coca Cola in India in 2008 faced a lot of criticism for dumping hazardous waste near bottling plants and discharging water into agriculture land. Nike and Starbucks in the past have been charged with unfavourable working conditions for their employees.

## Role of Governments

Most national governments today have regulations, acts and sanctions for corporate social responsibilities of or-

<sup>30</sup> Esty, D. C., & Winston, A. S. (2006). *Green to gold: How smart organizations use environmental strategy to innovate, create values and build competitive advantage*. New Haven, CT: Yale University Press.

<sup>31</sup> McGuire, J. B., Sundgren, A., & Schneeweis, T. (1988). Corporate social responsibility and organization financial performance. *Academy of Management Journal*, 31(4), 854-872.

<sup>32</sup> Ordanini, A., Rubera, G., & DeFillippi, R. (2008). The many moods of inter-organizational imitation: A critical review. *International Journal of Management Reviews*, 10(4), 375-398.

<sup>33</sup> Muthuri, J. N., & Gilbert, V. (2011). An institutional analysis of corporate social responsibility in Kenya. *Journal of Business Ethics*, 98, 467-483.

<sup>34</sup> Abrahamson, E., & Rosenkopf, L. (1993). Institutional and competitive bandwagons: Using mathematical modelling as a tool to explore innovation diffusion. *Academy of Management Review*, 18(3), 487-547.

<sup>35</sup> O'Connor, A., & Shumate, M. (2010). An economic industry and institutional level of analysis of corporate social responsibility communication. *Management Communication Quarterly*, 24(4), 529-551.

<sup>36</sup> Luo, X., & Zhang, J. (2009). Institutional or instrumental: What affects corporate social responsibility behavior in emerging economies? *Academy of Management Annual Meeting Proceedings*, 1-6.

<sup>37</sup> Jackson, G., & Apostolakou, A. (2010). Corporate social responsibility in Western Europe: An institutional mirror or substitute? *Journal of Business Ethics*, 94, 371-394.

<sup>38</sup> Smith, J. (2005). Globalization and transnational social movement organizations. In D. Davis, D. McAdam, W. R. Scott, & M. Zald (Eds.), *Social movements and organization theory* (pp. 226-248). New York: Cambridge University Press.

<sup>39</sup> Campbell, J. L. (2006). Institutional analysis and the paradox of corporate social responsibility. *American Behavioral Scientist*, 49(7), 925-938.

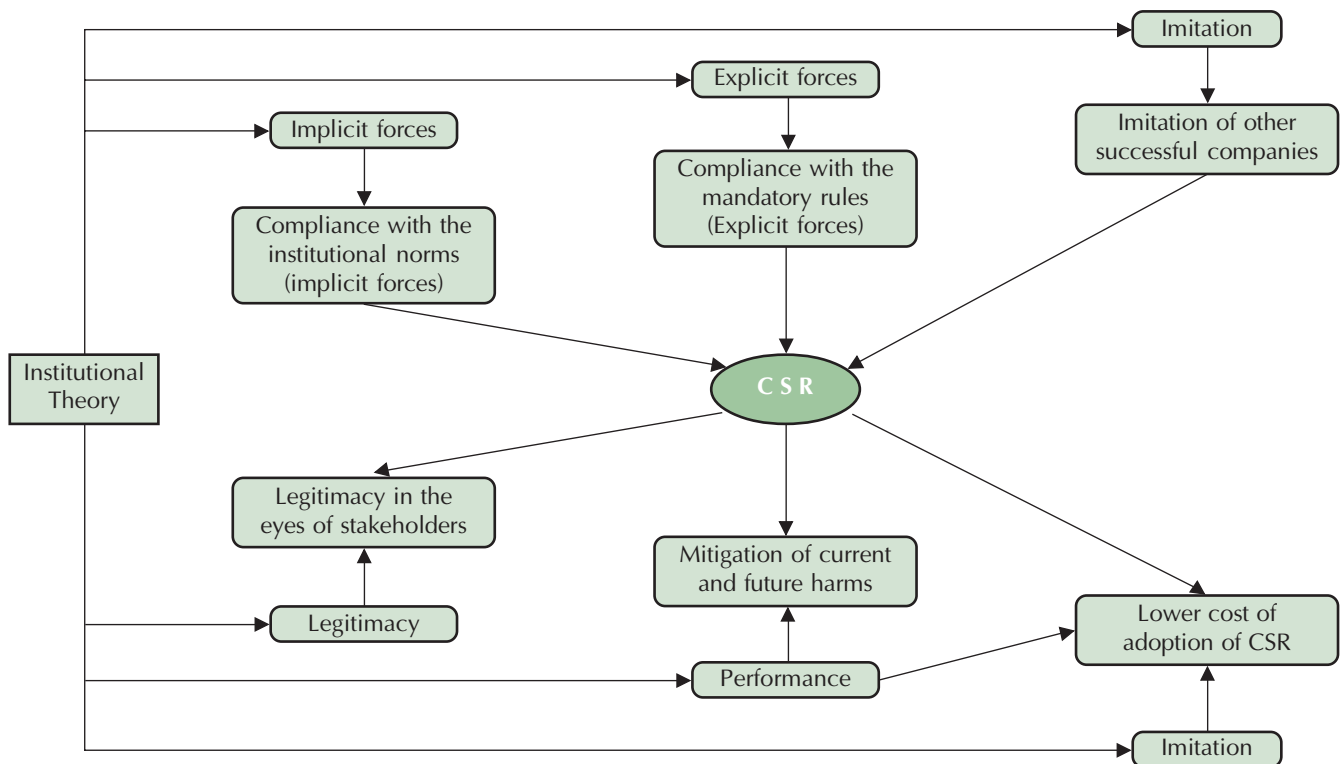
<sup>40</sup> O'Connor, A., & Shumate, M. (2010). An economic industry and institutional level of analysis of corporate social responsibility communication. *Management Communication Quarterly*, 24(4), 529-551.

organizations irrespective of whether it is a developed country like USA or a transition country like India. To name a few, USA has the Fair Labor Standards Act (1938), Energy Policy Act (EPA), and Clean Water Act (1948); India has the Companies Act, 1956 that had nothing on CSR until the Companies Bill 2009, the Child Labor Act, 1986, and Environment Protection Act (1986) came in. Despite these acts and regulations, there are evidences of socially irresponsible behaviour by organizations in the above countries, for example, the case of Wal-Mart, Exxon Mobil in the USA, and Satyam in India. Soon, the Government of India may make it mandatory for coal mining organizations to spend a part of their net profit on people affected by their activities<sup>41</sup>.

Inefficient legal systems and loose monitoring of government regulations leave scope for varying degree of compliance to the acts by the organizations, resulting in socially irresponsible behaviour of organizations.

Currently, CSR practices in India are dictated by guidelines notified by the Ministry of Corporate Affairs in December 2009. These guidelines are voluntary and require business entities to formulate a CSR policy to guide its strategic planning and a roadmap for its CSR initiatives. Thus, government regulations exist but there is absence of monitoring and enforcement of these regulations on the part of government<sup>42</sup>. Inefficient legal systems and loose monitoring of government regulations leave scope for varying degree of compliance to the acts by the organizations<sup>43</sup>, resulting in socially irresponsible behaviour of organizations. Chih, Chih and Chen<sup>44</sup> empirically found that financial organizations in countries with stronger legal enforcement tend to engage in more CSR activities. "Corpora-

**Figure 2: Institutional Reasons for CSR and its Outcomes**



<sup>41</sup> Indiacsr (2011). Mandatory CSR spending for coal mining firms in India. Retrieved on 20/12/11 from <http://www.indiacsr.in/en/?p=3040>  
<sup>42</sup> Scott, W. R. (2004). "Institutional theory" p. 408-14 in *Encyclopedia of Social Theory*, George Ritzer, ed. Thousand Oaks, CA: Sage.  
<sup>43</sup> Campbell, J. L. (2006). Institutional analysis and the paradox of corporate social responsibility. *American Behavioral Scientist*, 49(7), 925-938.  
<sup>44</sup> Chih., H., Chih, H., & Chen, T. (2010). On the determinants of corporate social responsibility: International evidence on the financial industry. *Journal of Business Ethics*, 93(1), 115-135.

tions will be more likely to act in socially responsible ways if there are strong and well-enforced state regulations in place to ensure such behaviour<sup>45</sup>. Regulatory systems have potential to promote CSR implementation among organizations with stricter monitoring and enforcement.

## Conclusions

While the debate on a widely accepted definition of CSR is on for the last four decades, an understanding of its theoretical grounding has been neglected by the researchers. This paper has endeavoured to explore various reasons behind CSR with the help of institutional

theory. Institutional force, implicit or explicit, comes from media, consumers, institutional investors, industrial associations, and government. Consistent with Campbell's conceptualization, we conclude that CSR is an outcome of various institutional factors such as compliance with the institutional norms, compliance with the mandatory rules, and imitation of other successful companies.

These factors help organizations in gaining legitimacy in the eyes of stakeholders, mitigating actual or perceived harms done to the society, and leveraging on CSR in case of future harms. ✓

# Developing a “Responsible Business” Course for Business Schools in India

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In recent years, the financial crisis and the environmental upheavals that the globe is experiencing calls for systemic thinking on issues that affect human life. It is evident that in transition economies like India, the roles of the key actors namely the Government, the civil society, and the business (both Indian companies and MNCs in India) are changing and interdependencies across the three entities are increasing. Arguably, there is a need to examine the role of corporations in ways distinctly different from the current dominant discourse.

In the last decade, in India, several social, ethical, and environmental challenges have resulted in significant changes that are increasingly changing the contours of traditional CSR/Ethics teaching in business schools. The Indian corporations have entered into fields like education and health with innovative and sustainable delivery models that are affordable and scalable. This has led to the development of inclusive business models that shape the social responsibility discourse in a manner that

traditional CSR discourse does not. Similarly, the endemic corruption that exists in India is forcing businesses to adopt practices that signal integrity in ways significantly different from what are found in the literature on ethical conduct of corporations. Several large companies train their dealers, vendors, and other external and internal parties who provide goods and services on ethical conduct and expected behaviour while dealing with the external environment. In the field of environment and sustainability, strong judicial activism coupled with a strong role of a watch dog by the civil society is beginning to put immense pressure on the responsibilities of business. There is also a growing recognition that good Corporate Governance practices are a source of risk management strategy for the sustainability of corporations. Several industry initiatives in this area like the NASSCOM Committee on Corporate Governance headed by Mr. Narayana Murthy were intended to sharpen and strengthen the corporate governance practices in the IT and BPO industry. All of these initiatives are likely to put pressure on corporations in behaving more responsibly than they have done in the past. Given the interplay among the issues of CSR, Ethics, Governance, and

<sup>45</sup> Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An Institutional theory of corporate social responsibility. *Academy of Management Review*, 32(3), 946–967.

Sustainability in any large corporation, the need of the hour is to educate management graduates and practising managers on how businesses can be responsible in countries like India across the entire spectrum. In emerging economies like India, where economic development is occurring at a pace higher than the rate of social development processes, management education has to be able to equip the students to take a wholistic, integrated, and systemic perspective to responsibility in business. It also needs to be contemporary and relevant by incorporating the various adaptive interventions and models used by organizations to mitigate the negative effects and encourage positive contribution. The silos of CSR, Corporate Governance, Ethics and Sustainability that have been part of the curriculum in global business schools need to be re-examined and integrated in a manner that students are provided with a richer and deeper understanding of the business-society relationship and are also equipped to think critically about such issues and their impact on the future of corporations in the Indian and global context.

In recent years, management education has come under fire and has often been accused of perpetuating a dominant self-interested ideology<sup>46</sup>. Several alumni of top ranked global business schools have featured in frauds and governance failures of the century. In this context, it is worthwhile to examine in what manner business schools in India may structure their curriculum given the unique characteristics of our management education, namely, young student population with no work experience and the presence of a large number of business schools with very significant challenges in get-

<sup>46</sup> Jacobs, M. (2009). How business schools have failed business. *The Wall Street Journal*. April 24.

Ghoshal, S. (2005). Bad management theories are destroying good management practices. *Academy of Management Learning and Education*, 4(1), 75-91.

Bennis, W & O'Toole, J. (2005). How business schools lost their way. *Harvard Business Review*, May.

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ting faculty to teach courses which do not have a dominant functional orientation.

In this paper, I draw upon my experience of designing and teaching courses in the field of responsible business to provide some frameworks for faculty who teach these courses in business schools. It is interesting to note that there is a great need felt in executive education programmes for such courses which expose practising managers to the ideas of business-society relationships.

### Frameworks Enabling Teaching of an Integrated Course on Responsibilities of Business

There are two frameworks which appear to provide opportunities for integration across CSR, ethics, environment, and governance in teaching a course on "Responsible Business." The first framework is drawn from Archie Carroll's conceptualization of CSR "as a construct relating to four different areas of business-society relationship consisting of economic, legal, ethical, and philanthropic responsibilities"<sup>47</sup>. The economic responsibility of business largely focuses on the shareholder perspective of ensuring that businesses operate in a manner that they are financially viable. The courses on corporate governance are largely focused on providing this perspective in business schools. The legal responsibility refers to compliance with the laws of the

land and play by the "rules of the game". In countries like India, where there is weak enforcement of the rules, the need to strengthen the understanding on the legal aspects is critical. There are laws that protect the interest of the various stakeholders. The ethical responsibility of corporations goes beyond the legal, to questions of right, fair, and just across the stakeholders. The em-

<sup>47</sup> Carroll A. B. (1979). "A three-dimensional conceptual model of corporate performance." *Academy of Management Review*, 4(4) 497-505.

Carroll A. B. (1991). "The pyramid of CSR: Towards the moral management of organizational stakeholders." *Business Horizons*. 34(4), 39-48.

phasis on interests of different stakeholders brings in to discussion the social and environmental aspects that build sustainable organizations for the future. Finally, the philanthropic responsibilities of business include charitable donations, sponsoring projects, etc., which are desired of corporations. In recent years, the concept of “strategic philanthropy”<sup>48</sup> has gained attention. In strategic philanthropy, “corporations can use their charitable efforts to improve their *competitive context* – the quality of the business environment in the location or locations where they operate. Using philanthropy to enhance context brings social and economic goals into alignment and improves a company’s long-term business prospects”<sup>49</sup>. This view provides the faculty an opportunity to position responsible business as a source of competitive advantage for businesses.

The second framework draws up on the tenets of “whole and wholeness” of the General Systems Theory in the context of an organization<sup>50</sup>. It attempts to focus on the three system levels in the organizational landscape – namely, the global geopolitical business systems, the national systems in which businesses operate, and finally, the organizational systems and processes that align with the national and global agenda. This alignment is not necessarily linear since there could be competing pressures between the different levels and within a single level.

With increased globalization, several countries have committed to the Millennium Development Goal and other multilateral agreements and conventions. These international agreements are binding on national governments which in turn are expected to deliver these objectives by involving the stakeholders within the respective countries, namely, the state governments, the corporations, civil society, and other groups. India is a signatory to many of these conventions and thereby businesses have commitments that need to be delivered

<sup>48</sup> Porter, M. & Kramer, M. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*, 50(12), 56-69.

<sup>49</sup> *Ibid*, pp 58.

<sup>50</sup> Bertalanffy, Ludwig von (1972) The history and status of general systems theory. In Kiir, George J. (Ed.), *Trends in general systems theory*. New York: Wiley-Interscience.

to the global community. The Global Compact is a case in point where several Indian corporations are signatories to the agreement. These organizations require strategies, systems, and processes which allow them to demonstrate higher ethical, social, and environmental responsibility that in turn becomes a source of competitive advantage.

While Carolls’ framework allows the faculty to structure an integrated course from a firm perspective, the multi-level systems approach allows the course to be placed within a global or international business perspective. These two perspectives provide a large canvas for the faculty to address issues at the micro level of the

firm and its manager, at the meso level of a sector or an industry group, and finally, at a macro national and international level. For practising managers, faculty can combine the four responsibilities proposed by Carroll with the three system-level approach, thereby providing an eclectic perspective which allows capturing the complex reality of being a responsible organization in the Indian context.

### Designing a Course on “Responsible Business”

The primary objective of a course on “Responsible Business” in the management school curriculum would be to stimulate critical thinking among young managers about their roles as

professionals in business organizations in the larger context of sustainable growth. The course would require sensitization and awareness to the larger geo-political, social and business systems, which would lead to sustainability and growth. The broad themes that the course could focus on are as follows:

#### Changing Landscapes

This part of the course could focus on the changes taking place in the society like globalization, increasing penetration of information, communication and technology, global warming, and climate changes, disproportionate allocation of global resources across nations. Leaders in corporations need to understand the dynamics in the context for them to manage it effectively. A

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discussion on consumption dynamics, rise of civil societies, globalization and trade, environment and sustainability, role of international organizations like the UN, Global compact, corruption and income inequality will enable students to appreciate the larger geopolitical reality of trade and the implications for organizations.

### **Understanding Business Society Interrelationships**

All organizations operate in a market and a non-market environment. The market environment refers to the relationships that a firm has with its suppliers, competitors, and customers. This is recognized as a source of competitive advantage for companies. The non-market environment refers to relationships that a firm has with the civil society, media, government, and the general community. All of these relationships are intangible and therefore impact the reputation of the firm. It is because non-market contexts are intangible that they are often not taken cognizance of by the leaders in organizations. In a globalized world, where social networking and information technology dominate, the potential for non-market factors to impact the market environment seems to be increasing. The management graduates who are future leaders of the industry need to understand the non-market forces and their impact on organizations. The recent National Voluntary Guidelines on social, environmental, and ethical responsibilities of business in India created through a process of consultation by the Ministry of Corporate Affairs is a case in point in the context. These guidelines provide opportunities for businesses to understand in detail the impact of many non-market features on competitiveness of firms. This module in the course would focus on understanding business-society relationship at the broadest level possible.

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In countries like India where there is widespread corruption, there is a need to introduce the role of ethical conduct in organizations and in particular the ethical choices that leaders confront in performing their roles.

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### **Ethical Leadership**

At the heart of responsible decision-making are individuals. Sometimes these individuals act in their personal capacity and at other times they act as agents on behalf of a corporation. In countries like India where there is widespread corruption, there is a need to introduce the role of ethical conduct in organizations and in particular the ethical choices that leaders confront in performing their roles. It would be appropriate to discuss several elements of functional ethics namely ethics in marketing, HR, accounting, advertising, supply chain, etc., to raise questions pertaining to ethical orientation of students. A key part of this module would be to explore the key ethical theories namely utilitarianism, deontological, virtue and place them in perspective.

### **Personal Values and Ethical Decision-making**

There is a need to highlight the role of individual values in ethical decision-making processes in organization. There is a long-standing debate on the role of free choice in individuals. In contrast, there are deterministic arguments that no individual really makes free choices. Group processes impact choices that individuals make.

An exploration of the personal values *versus* group values in ethical/unethical behaviours needs a discussion. Most management graduates are hired with functional responsibilities. In discharging their functional roles, they are likely to encounter significant ethical challenges. For example, misrepresentation of facts to a customer, withholding of information from any stakeholder, or terminating an employee without due process, are often grey areas in organizations. One of the key aspects of this module would be to provide them with tools for engaging in functional aspects of ethics. The faculty needs to engage the students

on the grey areas and getting them to see the ethical issues there.

### ***Institutionalizing Ethics and Responsibility through Strategy, Structure and Culture***

How do organizations institutionalize their responsibility to society into their systems and processes? Drawing on the strategy implementation and organizational change literature, we could posit that this is done through their planning process. Using the Balanced Scorecard approach, it is possible for organizations engaged in these areas like governance, CSR, and sustainability to focus both on tangible and intangibles. The intangible focus can offer a good framework to discuss institutionalization of ethical practices within the organization. This will help students appreciate how the incentive structures, performance metrics, and control systems in organization create conditions for individuals to behave in an ethical or unethical manner. The students need to be questioned on how organizations can align their financial goals and integrity and responsibility dimensions more effectively. The role of organizational culture and its impact on institutionalizing ethics and responsibility is well understood. The role of senior leadership in strengthening the ethical competence of an organization should be examined more carefully. Students have to be provided with real life stories of the manner in which large Indian organizations have institutionalized and embedded ethical behaviours within their organizations.

### ***Responsible Business and Stakeholder Perspective***

Corporations exist in complex environments with multiple stakeholders who have legitimate expectations from them. Some of the stakeholders that provide businesses the licence to operate include employees, consumers, and suppliers. As fragmentation of work occurs due to improved information, communication and technology, issues related to working conditions, employment terms and conditions, diversity, sexual harassment, privacy and health-related aspects gain greater attention. The implications of 24X7 factories in developing countries

given time differences create social and ethical problems which leaders of the future need to take cognizance of. In transition economies like India, consumer rights are in its infancy. Many consumers are now becoming aware that they have rights pertaining to quality and delivery of products and services. In India, the poor and the vulnerable are often the most illiterate. They are unable to access quality of services and products which are guaranteed to consumers. For example, the discriminatory pricing adopted by chemists while providing medicines to the patient or irrational use of drugs raised serious questions on consumer rights. Finally, the role of suppliers in responsible business is the least understood. Nearly 90 per cent of the Indian economy is the informal sector which comprises of manufacturers for domestic and export markets. Several companies are part

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of the large global supply chains. How do we look at ethical or non-exploitative supply chains that result in responsible competitiveness? Some of these questions become relevant in the Indian context.

There are other actors in the larger environment like civil society and the government who have expectations from corporations. Last but not the least, given the manner in which environmental degradation and climate change have received attention in the last two decades, environment needs to be treated as a separate stakeholder. In the same manner, community requires special attention in the Indian

context. With large scale infrastructure projects coming up in the next two to three decades, displacement of people is likely to be a key consideration for organizations. Thus a holistic understanding of the various stakeholders and ethical issues and specialized concerns about them would form an important part of the course curriculum.

### ***Corporate Governance and Shareholder***

Much of the discourse in management education is centred on the shareholder perspective. All functional courses reinforce the performance of corporations from a shareholder perspective. Given the dominant shareholder value creation paradigm, there is a need to examine the role of owners and the board more systemati-

cally. The fiduciary and oversight responsibilities associated with the shareholder perspective require particular emphasis in the Indian context where ownership is largely closely held by families. The long-term perspective of going beyond compliance, into good governance needs to be emphasized significantly. In emerging markets like India, where the Company Law is undergoing changes, the challenges while teaching the course are many. While it is inevitable that several legal aspects would enter into a classroom discussion, yet the challenge is to make the course contemporary and relevant for the student community. A deeper contextual understanding of corporate governance practices globally would be the objective of this module in the course.

### Corruption

Corruption is the abuse of entrusted power for private gain. It is one of the more serious barriers to overcoming poverty. Young managers need to be sensitized to the national integrity systems approach recommended by the Transparency International. Some discussion on the initiatives taken in India to tackle this endemic problem would help build perspective and empowerment for taking action.

### Compliance to Global Agreements

In a globalized world, there is increasingly greater pressure on nation states to comply with global agreements. These compliance systems are based on the principles of sustainable development. Since most of these agreements are multi-stakeholder in nature and businesses are a part of the solution, there is a need to sensitize management students to these realities. In particular, in recent years, non-tariff barriers arising out of social and environmental issues have been a source of challenge to emerging economies. The role of an integrated course would be to help students to recognize the tensions inherent in human development and economic development in the context of a larger geo-political reality. Students need to be familiar with the different perspectives that exist in a global context so that they can examine the firm strategies *vis-à-vis* the global tensions and be equipped to deal with such issues in their managerial roles more effectively.

### Global Context, Diverse Cultures: How do Ethics and CSR Differ in Cross-cultural Environments?

While there is a growing recognition that national contexts differ and that ethical decisions, CSR actions, governance frameworks, and sustainable solutions are governed by national cultures and business systems, there is an emergence of universal principles of behaviour of corporations. Since different countries are at different stages of economic and social development, the tensions in implementing global standards and universal principles in different nations is a reality experienced by many international agencies. An in-depth discussion

on the interplay between individual, corporate, and national culture within the discourse of ethics would help students develop their own ethical compass when faced with a business problem or dilemma.

### Conclusion

As is evident from the themes that require to be covered in the course, there is a need for faculty to draw up on multi-functional and multi-disciplinary perspectives to deliver the courses. The two frameworks provided for structuring the course require a deliberate and conscious integration across the spectrum of

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CSR, Corporate Governance, Ethics, and Sustainability. The teaching capacity of faculty for this course is likely to be quite diverse. Faculty need to be comfortable in bringing multi-disciplinary perspectives to the course and also in handling the grey areas in the field. The faculty themselves will need to demonstrate a high ethical stamina and conduct in the manner in which they engage with the student community. A critical perspective need to be adopted in enabling students to address such problems rather than a normative or prescriptive perspective. Such a critical perspective would require faculty to play the role of a facilitator, bringing together different viewpoints, presenting the tensions and the dilemmas in ways that students can appreciate and engage with in a highly reflective manner. Faculty will need to draw up on the frameworks discussed earlier to build their course curriculum. This calls for rigour, relevance, and an understanding of the global literature and a deep sensitivity to the local discourse and a

contemporariness to examine and engage with the real life complexity that is likely to unfold as the course is being taught.

An integrated course on responsible business is like a woven tapestry. It has the richness of texture containing aspects of Governance, ethics, CSR, and sustainability. Its colours are the various themes that have been discussed above. The role of the faculty is that of a weaver who is able to design and weave the tapestry.

While there is a science to weaving tapestry, what captivates is the aesthetics, the designs, and colours in the tapestry. A course on responsible business in a similar manner has a science associated with the content in the four areas of CSR, corporate governance, sustainability, and ethics; however, its richness lies in the manner in which, individual managers and collectives in organizations through their personal orientations shape and transform the future of ethical corporations and responsible business. ♡

## Creating Shared Value in India: The Future for Inclusive Growth

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### Creating Shared Value: Key to Inclusive Business Growth

**W**e at FSG (Foundation Strategy Group) believe that India Inc. is not only uniquely positioned to lead the country to economic advancement, but also holds the power to solve many societal problems and help achieve inclusive growth. This requires a new mindset to view success for business and society as inextricably linked, an idea we call *creating shared value*. Shared value focuses on finding the business opportunities hidden in social problems.

There is no doubt that India represents one of the world's fastest growing economies, with its annual growth accelerating at 8 per cent on average, and at times reaching upwards of 10 per cent. This growth transformed the country, lifting hundreds of millions of poverty-stricken population, bringing both international attention and investment. However, despite increasing the incomes, health, and financial security for millions, this growth has been far from inclusive. The country will still fall short of several of its Millennium Development Goals: For example, by 2015, we expect that 40 per cent of the Indian children will remain un-

der-nourished. The government alone cannot solve these complex social problems. Philanthropy can also help catalyze change, but charity has a limited ability to achieve scale in a sustainable manner. The private sector, however, possesses skills and technologies necessary for innovation, and excels at developing sustainable solutions to identified needs and taking such solutions to scale.

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The FSG co-founders – Michael Porter, Professor at the Harvard Business School, and Mark Kramer, Senior Fellow at the Harvard Kennedy School — first introduced the concept of “creating shared value” (CSV) in “Strategy and Society,” in their 2006 *Harvard Business Review* article. The authors more recently expanded on this idea in a January 2011 follow-up piece entitled, “Creating Shared Value.”

Creating shared value means closely examining the linkages between economic and social progress. When businesses invest to spur better health, improve education, and generate higher productivity, they expand their customer base and increase the purchasing power for their goods and services. Similarly, the discovery of new business models that address unmet social needs can be the source of future business

growth. New processes that conserve energy and natural resources can increase profit margins. CSV compels firms to view social progress as a key driver of long-term economic value creation.

The time for CSV in India is now and the good news is that it is not a question of **IF** Indian companies need to undergo this transformation but **HOW** they will successfully do so.

### Creating Shared Value: Going beyond Traditional CSR Approaches

Corporate social responsibility (CSR) has been the primary mechanism by which Indian companies have contributed to societal development. Indian corporations have long believed that the purpose of business extends beyond simply generating shareholder value to also address social problems. From the Tata Group more than a century ago to the Bharti and Wipro examples more recently, Indian corporations have embraced their obligations to society and given generously to their communities.

However, much of Indian CSR manifests as philanthropic efforts that target the well-being of employees and local communities around the place of business operation. While these efforts have yielded important results, they are rarely able to achieve social impact at a large scale and in ways that are sustainable in the long run.

Creating shared value means closely examining the linkages between economic and social progress. When businesses invest to spur better health, improve education, and generate higher productivity, they expand their customer base and increase the purchasing power for their goods and services.

Shared value differs from traditional CSR in that it compels firms to view social progress as a key factor in the development of their business strategy. It requires companies to break previous assumptions that trade-offs exist between social good and corporate profitability.

These efforts touch only a fraction of a company's financial resources (often less than 1%-2% of net profits) and rely on limited opportunities for employee volunteerism, rather than capitalizing on the most valuable assets that businesses bring to bear – the full use of their core competencies while in pursuit of profit. As a result, our largest CSR efforts reach hundreds of thousands of recipients, while the need is in the millions.

CSV offers an alternative path. Rather than viewing social needs as the prerogative of solely CSR and philanthropy, CSV focuses on finding the business opportunities hidden in social problems. Issues like poverty, pollution, and poor health are core business concerns that have a substantial impact on growth and operational efficiency. When businesses tackle social problems as a central part of their competitive strategy, they achieve large-scale and fundamentally sustainable changes in society.

Shared value differs from traditional CSR in that it compels firms to view social progress as a key factor in the development of their business strategy (Figure 1). It requires companies to break previous assumptions that trade-offs exist between social good and corporate profitability. In their most recent article, Porter and Kramer suggested that companies can create shared value opportunities in three ways:

**Figure 1: Comparison of Traditional CSR and Creating Shared Value**

	Traditional CSR	Shared Value
Motivation	Corporate reputation and license to operate	Competitive advantage
Driver	External stakeholders	Corporate strategy
Measurement	Spending, standard ESG metrics	Social and economic value created
Management	CSR departments	Across the whole company
Social Benefit	Successful projects	Large-scale sustainable change
Business Benefit	Risk reduction and goodwill	New business opportunities

1. **Reconceiving products and markets:** Companies can meet social needs by developing innovative products and services that better serve existing markets or allow access new ones

2. **Redefining productivity in the value chain:** Companies can improve the quality, quantity, cost, and reliability of inputs, production processes, and distribution systems, while simultaneously acting as a steward for essential natural resources and driving economic and social development

3. **Enabling local cluster development:** Companies do not operate in isolation from their surroundings. To compete and thrive, they need a strong competitive context that includes reliable local suppliers, functioning infrastructure of roads, and telecommunications, access to talent, and an effective and predictable legal and regulatory framework.

The key enabler for creating shared value, and therefore competitive advantage, is innovation in all aspects of business operation including product development, business modeling, delivery channel development, and management approaches. Shared value cannot be achieved through incremental change of existing products, processes, or approach – for if that were the case, business would have already identified and capitalized on these opportunities.

Opportunities to create shared value are particularly abundant in developing markets like India where the social needs are so pressing and so present that business will struggle to prosper in the long term without addressing them. It is important to note that the specific social issue that is addressed and the shared value that is created will differ markedly across industries and companies – but from FSG’s experience in helping a multi-

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Shared value cannot be achieved through incremental change of existing products, processes, or approach – for if that were the case, business would have already identified and capitalized on these opportunities.

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tude of companies identify shared value opportunities, we can say definitively that every company has them.

### Creating Shared Value in India: Case Examples

FSG’s recent research into shared value efforts in India uncovered a number of innovative efforts that are creating economic value while contributing to meaningful and sustained social impact at scale. Below we profile a few of these efforts we uncovered in our research.

#### Reconceiving Products and Services

We are seeing companies gear up to fulfill the demand for products and services that meet the pressing needs of the society such as low-cost urban housing, improved nutrition, and clean air and water. For example, food companies that were traditionally occupied with driving consumption by improving taste are now refocusing on addressing society’s need for better nutrition. Britannia’s Milk Bikis and Tiger biscuits are fortified with iron, a micro-nutrient that is deficient in 60 per cent of the Indian children. Supplemented with education and advocacy, Britannia has used its reach into half a billion households in India to increase awareness and availability of iron in the Indian diet. The key to Britannia’s success was innovation. The company describes how it took the R&D team 16 trials to get the balance of iron-effectiveness, taste, and cost, just right.

#### Redefining Productivity in the Value Chain

A company’s value chain inevitably intersects society in numerous ways – for example, in energy and water use, greenhouse gas emissions, waste disposal, and employee skills. A deeper understanding of productivity and the negative consequences of short-term cost reductions is bringing a new approach to company’s value chains.

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One example of a shared value approach to procurement is Nestle's approach to its Moga milk factor in Punjab. Nestle's approach goes against the commonly accepted procurement principle of commoditizing and exerting maximum bargaining power on suppliers to drive down prices. Since opening the Moga factory in 1961, Nestle has invested in village infrastructure such as storage tanks, chilling centres, artificial insemination centres, and veterinary aid. It provided training and advice on improving dairy practices through field camps and educational tours. Finally, Nestle subsidized the purchase of equipment such as milking machines and helped farmers access financial services. Such efforts drastically increased Nestle's supply of milk to 9,50,000 kgs per day in 2005, from 511 kgs per day in 1961. This improved production trickles down to every farmer supplying to the milk factory.

### Enabling Local Cluster Development

Clusters are geographic concentrations of interconnected businesses, suppliers, and associated institutions in a particular field. Clusters increase the productivity and competitiveness of companies and as such, are a critical aspect of business strategy. Novartis, through its social business, *Arogya Parivar* has developed local healthcare clusters in rural parts of India. Through its local health education programmes, addressing health-seeking behaviour, health camps bringing physicians to rural areas, and dedicated sales force with cultural understanding to mitigate mistrust, *Arogya Parivar* has succeeded in bringing healthcare to 42 million Indians. This expanded market has brought increased revenues to Novartis, which sells a portfolio of appropriate and affordable medicines to these patients.

### Shared Value is the Future

In today's increasingly competitive context, paired with global economic slowdown, there is no question that shared value is the future. Shared value is an especially ripe opportunity

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Shared value is an especially ripe opportunity for Indian business leaders to secure new competitive positions while addressing the unmet social needs at the bottom of the pyramid.

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for Indian business leaders to secure new competitive positions while addressing the unmet social needs at the bottom of the pyramid. Although each company's approach to shared value will be unique, we have identified ten common building blocks of creating shared value that together provide a blueprint for successfully adopting this approach (Figure 2).

1. **Vision:** Creating shared value starts with an explicit strategic decision by corporate leaders. Without a commitment at the top, companies are unlikely to be able to marshal the resources, focus, and long-term thinking required to make a meaningful impact. Moreover, engaged senior managers set the tone, and they unleash the energy and creativity of the entire firm.
2. **Prioritize key shared value issues:** A good strategy should be tailored to reflect a company's unique positioning, capabilities, and competitive landscape. It should identify a handful of genuine social challenges that also represent cost-reduction or growth opportunities, and prioritize the areas where it is best placed to act. Equally important, companies must shape this identification and prioritization process internally, rather than allow external stakeholders to be the driving force. That way, they can retain control over their strategic agenda and maximize their chances of advancing strategic goals in ways that create value for society and the business.

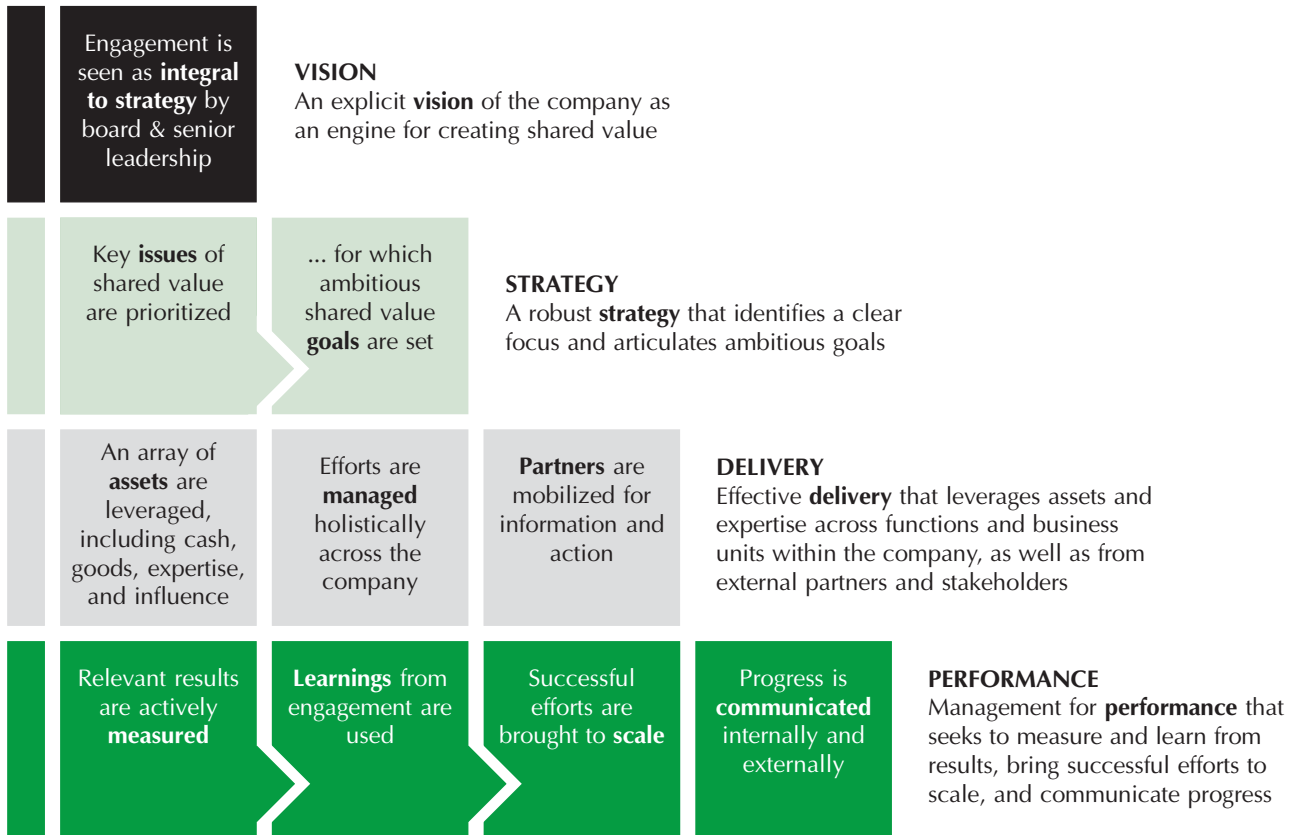
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Goal-setting is an essential management tool for creating shared value. It focuses on activities, creates and sustains momentum, and provides a basis for internal and external accountability.

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3. **Set specific, ambitious goals:** Goal-setting is an essential management tool for creating shared value. It focuses on activities, creates and sustains momentum, and provides a basis for internal and external accountability. Well-crafted goals are ambitious — just as business units do not outperform without being stretched, cautious incrementalism is unlikely to spur the leaps in innovation that are needed to make a serious impact. However, companies also

**Figure 2: The Building Blocks of Creating Shared Value**



strike a balance between clearly defining desired outcomes and allowing managers the freedom to decide how to meet them.

4. **Deploy a wide range of assets to address the issue:** These assets can include cash, goods, and services; the skills of employees; and political and business influence. The most effective companies bring to bear an imaginative combination of assets in areas where they have an edge over other actors.
5. **Manage efforts holistically across the organization:** In the most effective companies, social engagement is not confined to an isolated silo, but instead is integrated into a wide variety of roles and functions, and often overseen at the board level.
6. **Collaborate with partners:** Most companies consult with stakeholders and work with NGOs, ei-

ther as an implementing partner or a grantee. However, companies that create shared value go beyond this. They develop consultation processes that inform action, but do not allow the loudest voices to dominate the agenda. They also take part in coalitions that tap into a range of complementary capabilities from across fields and industries to tackle a common issue.

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There is no doubt that transforming a company to create shared value is a change process. It will take time, effort, and persistence, but will bring results for both business and society.

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7. **Measure progress on key indicators:** Companies that create shared value track the usual performance measures against a baseline, but they also gauge underlying changes in the targeted issue.
8. **Learn from measurement to improve efforts:** The most successful initiatives are constantly on the lookout for opportunities to optimize investments and to rethink aspects that are not working as well as hoped.



9. **Address issues at scale:** Opportunities to create shared value often lie in large, complex social challenges. To unlock solutions, it is essential to act at scale — otherwise, the impact on both social progress and corporate competitiveness will be negligible.

10. **Communicate progress to both external and internal audiences:** Effective companies go far beyond traditional CSR reporting, employing a range of communications approaches to reach specific groups in targeted ways. The organizations have a clear sense of who consumes the information they provide, what those people need to know, and how to meet those needs efficiently.

There is no doubt that transforming a company to create shared value is a change process. It will take time, effort, and persistence, but will bring results for both business and society.

India's strong economic growth as well as severe social challenges and national desire for change, put the country in a unique position to show the world how to create shared value at scale. We hope that ideas and examples in this paper inspire companies, government, and civil society to leverage the power of business to achieve meaningful and lasting inclusive growth. ✓

## From Indiscriminate Shooting by Corporate Hunters to Creation of Responsible 'Boom-E-Rang' Societies

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In a context where the benefits of globalization and liberalization are constantly being debated upon, there is a pressing need to discuss the costs that have toned these socio-economic processes. Globalization was envisaged to make the world into a better, more egalitarian place, resulting in improved productivity and better living standards, especially in developing countries. However, it has thrown up new challenges such as growing inequality across and within nations, instability in financial markets and environmental corrosion. While liberalization has several dimensions, simply put, it necessitates minimal State interference and greater participation of and control by private players. On the face of it, one may argue that this has meant more freedom since the authoritative government mechanism has been curbed, but a society driven by and modeled for corporates (whose sole motive is profit maximization) is dangerous in a poor, agrarian country like India. Liberalization has also meant that the government has pulled out of the social sector, shirked its responsibility towards ensuring basic needs of the people like health, sanitation, clean drinking water, housing, and education. This has left an institutional void that can effec-

tively discharge these functions and social obligations. Thus with mandatory Corporate Social Responsibility (CSR) for all Central Public Sector Enterprises (CPSE) by the Department of Public Enterprises since 2010, it appears that the government (through its enterprises) has re-established itself as a responsible armament to its teeming population of hungry, illiterate, and poor children. While the State machinery has pulled out of the social sector, the Public Sector Undertakings (PSU) owned by it are mandated to earmark a certain percentage of their net profits towards investment in community development and environmental protection and conservation. CSR has transformative potential by refashioning both the corporate blitzkrieg as well as the step-parently State.

In India, where people are divided on the basis of various social indicators, Darwinian 'survival of the fittest' logic does not convince. Marginalized communities need support systems of 'positive discrimination' in order for India to really 'shine' in its human development indices, rather than boast of a mere economic growth. Under such circumstances, which social constituency is to

be held responsible for socio-economic inequities and growing disparities between the rich and the poor? We wish to use symbolism to further our case.

It cannot be doubted that in a free market economy, the corporates are calling the shots (literally) and today, development flows from the barrel of the gun. The corporate honchos are in possession of the gun. These corporates cannot be accused of being discriminatory because while shooting, they do not differentiate between natural resources, people, and other marginal corporates. They spare none. But, this indiscriminate hunting by the corporate is an unsustainable model which leads to the endangerment of the 'hunted', which includes everything from the ecology to indigenous cultures to 'other' people. Thus, the solution to the promises of globalization in ensuring an equitable world lies in re-fashioning the hunter by a shift to what we refer to as a 'boom-e-rang' society. In a 'boom-e-rang' society, 'boom' or economic growth remains an ideal, but just like a boomerang comes back to its original destination, a model needs to be developed whereby what is used up, is balanced by a striving to replenish, regenerate, and build resilience. This is the fundamental essence of CSR whereby the corporate hunter is held responsible and accountable to give back to the community and environment all that it extracts from it.

However, the concept of CSR is fluid and lacks clarity. At the very outset, one must acknowledge that the acronym of CSR has varied definitions. For us, CSR is an ideology that is governed by the laws of Co-creation, Sustainability and Resilience. Thus, ascribing to this definition of CSR, CSR as an idea is not to be viewed just as a moral obligation of the corporate, but as fundamental to the very essence of living. In the Indian context, CSR is vulnerable to the following crises:

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*Crisis of conceptualization:* There is no universal definition. Although the essence remains welfare of people and communities, CSR may be masked through vested interests.

*Crisis of agenda:* Corporate are often faced with the dilemma of prioritizing sectors for implementing CSR projects. In a country like India faced with multiple challenges, CSR initiatives are often burdened with prioritizing sectors.

Increasingly, the term CSR is being replaced by CSV (Common Shared Value). CSV is premised on the logic that what is good for the community is inevitably good for business. Many corporates have started investing resources and efforts to generate shared value by conjuring up the crossroads between society and corporate performance. However, the need of the

hour is a paradigm shift to conceptualizing economic growth and social development as existing along a continuum rather than assuming that profit maximization is realized at the expense of the community.

While the private corporate is difficult to tame, for one can simply be optimistic that his sense of responsibility towards society and nature is restored urgently, the government has managed to crack the whip on the state-owned enterprises by mandating CSR initiatives. The component of mandatory CSR, though a step in the right direction, is not an encouraging trend. CSR as an effective, sustainable business model cannot be successful unless there is an element of voluntarism associated with

the entire process. The real challenge for CSR lies in an organization drafting CSR policies and approaches that are cognizant of the fact that the very existence of the corporate is determined by its sustainable practices.

In India, the notion of CSR has in a way always been ingrained in the cultural ethos. In traditional societies like India, the welfare of the community has always gained precedence over

individual greed. For a culture based on the principles of *Vasudhaiva Kutumbakam*, restraint, and renunciation, why does the question of CSR as an isolated concept even arise?

It was with privatization and economic liberalization in the 1990s that a sense of corporate greed was born. The corporate hunter, from hunting to survive, began hunting to accumulate. He (deliberate usage of gender)

quickly transformed into the corporate blitzkrieg that was bent upon shooting the planet and other (inferior) people to make profits. He was no longer interested in the Effects of Trickle Down but was forced to take refuge in the Triple Bottom Lines. Under these circumstances, some corporate hunters (mostly hailing from 'modern' civilizations), who were visionaries, realized that if their counterparts continued to shoot and hunt indiscriminately, their very survival and most importantly their legacy would come to an end once the already scarce resources got exhausted. Thus, fuelled by globalization, which is capitalism in its most aggressive form, there was a need to establish a new face of conscious, sustainable capitalism – CSR. If we were to rearrange the term, we would have RSC or Raging Sustainable Capitalism. Even the Department of Public Enterprises guidelines on CSR for the Central Public Sector Enterprises states, 'Every CPSE should shoulder responsibility for restoring/compensating for any ecological damage that is taking place as a result of its operations' (Clause 3.1, ix, pg.9).

Thus, in no way does the neo-liberal State propose a restraint on corporate greed for capitalist appropriation; neither does it suggest an alternative to the current trajectory of development. It is indeed a ridiculous proposition to suggest that destruction of ecology or displacement of people can either be restored or be compensated. In terms of the symbolism essayed in this paper, CSR is thus a means of sustaining conscious capitalism where hunting is not altogether banned, but

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simply curbed.

Our experiences in CSR have shown us that many corporates undertake community development activities not so much for the welfare of the community per se, but to either extend benefits to employees or increase the chances of its survival in a highly competitive environment through building a positive brand image through goodwill creation. In several cases,

CSR activities are identified adhering to a top-down approach whereby corporates decide the nature of community intervention by considering themselves 'the knower'. In many cases, these interventions, undertaken without conducting a needs assessment study, do not benefit the community in actual terms. It simply provides the corporate with statistics to boast of with regard to CSR. It may be mentioned in this context, that there often appears to be a sense of competition among corporates with respect to their CSR budgets and scale of activities. In our opinion, rather than competing on the scale of implementing CSR activities, corporates could synergize their efforts in identifying backward areas in the country and work collectively towards perceivable and measurable impacts.

Being cognizant of such ineffective, ad hoc CSR practices in the past, the Ministry of Heavy Industries and Public Enterprises, GOI, came out with a set of guidelines on Corporate Social Responsibility for Central Public Sector Enterprises. The Ministry also set up the National CSR Hub to facilitate the CSR activities of CPSEs. The NCSR Hub is essentially a think tank, a national repository of CSR data and provides professional consultancy services to various stakeholders of CSR. The NCSR Hub also helps CPSEs identify needs of communities through recommendations in baseline studies. Moreover, through its intensive, multi-layered scrutiny process, the NCSR Hub empanels credible organizations as partner organizations, to implement CSR activities.

Reflecting on the need for corporate personnel to be well-versed with CSR approaches and policies, the NCSR Hub conducts regular training workshops for CPSEs to build capacities of employees. This CSR training is crucial considering the fact that most corporations do not have a separate team dedicated to CSR and are often oblivious to the sensitivity and ethics involved in the development sector. Apart from the central vision of acquainting personnel with CSR, the logic behind the training workshops at the NCSR Hub is to create an enabling framework whereby all stakeholders of CSR can actively participate in 'doing CSR'.

However, the lacunae in the 'doing CSR' aspect for PSUs may be attributed to a lack of a holistic commitment to the same. While some CPSEs are purely driven by the CSR marks, some continue to perceive CSR as philanthropic exercise rather than as an extension of their business goals. Even today, after two years of the CSR guidelines being issued by the DPE, CSR for corporates continue to be limited to merely earmarking budgets for CSR activities and in some cases monitoring CSR activities without a clear methodology. The National CSR Hub is committed to bringing about a shift in corporate mindset from the philanthropic, ad hoc approach to a sustainable approach whereby corporates can become 'actual doers' of CSR rather than outsourcing various aspects of the CSR exercise.

However, it may also be pointed out that the essence of CSR has always been embedded among the public sector corporations in India. Post-independence, the state-owned enterprises were not only agents of nation building, for most, CSR was embedded in their very operations. In the areas

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Simply having a social purpose is not enough for doing CSR. Corporates not only need to move beyond shareholder value and embrace a (multi) stakeholder approach, they also need to focus on areas in which they operate.

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The corporate sector has an unwritten contract with society whereby it is obliged to ensure that it does not pursue immediate profit objectives at the cost of long-term interests of the society. CSR policies must be devised in ways that transform the corporate hunter into an active regenerator.

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where public sector corporations operated, community development activities and employment generation were an integral part of their operations and their success stories may be attributed largely to their ability to create 'trust capital' in the communities where they operated. Thus, mandatory CSR for CPSEs, though a step in the right direction, does not mark progress in the Indian CSR trajectory. For CSR to be truly a successful model, it needs to be voluntary and the private sector should champion the cause, voluntarily. Corporations need to expand their prism and initiate sustainable projects. This shift in corporate mindset in integrating business goals with social goals has potential in making CSR a workable model in India. For a business to sustain itself, the business must have a larger social purpose. However, simply having a social purpose is not enough for doing CSR. Corporates not only need to move beyond shareholder value and embrace a (multi) stakeholder approach, they also need to focus on areas in which they operate. By doing CSR in areas that are related to the core of the business, the corporate is able to adopt a sustainable CSR policy and approach. After all, the corporate sector has an unwritten contract with society whereby it is obliged to ensure that it does not pursue immediate profit objectives at the cost of long-term interests of the society. CSR policies must be devised in ways that transform the corporate hunter into an active regenerator. We are hopeful that this kind of a business paradigm will ensure the achievement of high economic growth rates as well as create happy citizens. But the question remains, which one of us hunters shall take the first bold step in exercising restraint and caution in order to emerge responsible citizens? 