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# The Corporate Soul

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**Centre for Corporate Governance  
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# The Corporate Soul



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"The Corporate Soul" invites you to contribute original high quality articles, papers, case studies, book reviews and interviews on Corporate Governance, Corporate Social Responsibility and Business Ethics. For submission, please mail to [teamcsr@imtnag.ac.in](mailto:teamcsr@imtnag.ac.in)

# Editorial

Dear Readers,

Globally the ethics of business behavior became the subject of growing social and political debate during the past few decades. The four hundred years of industrial growth has immensely benefitted



the mankind, but at the same time it has led to unprecedented human greed, mind- less exploitation of human and natural resources and has caused irreparable damage to climate and environment jeopardizing the very existence of mother earth. The revelations of transgressions by businesses and institutions, time and again has led to debates and dilemmas on the principles and practices of corporations.

Large scale human and natural disasters, such as Bhopal tragedy, Chernobyl disaster, fall of Enron, major accounting frauds at Satyam, the illegal mining activities, the incessant wiping out of forests and green cover in name of development and countless such man made tragedies have reiterated the debate as to 'Can business and ethics go hand in hand'? Can they survive together or one will eventually perish in oblivion most probably the latter.

While there have been business scandals throughout the last century, the recent debacles have brought the focus to ethics and business schools. Some critics have charged business schools with teaching students to bend the rules to make the numbers. Others have maintained that business schools glossed over ethical conduct in examining business transactions and might go so far as to encourage students to bypass policies, procedures, and even the law, to ensure favorable financial results.

The stakeholders in management education need to ponder more deeply and creatively on how to advance the awareness, reasoning skills, and core principles of ethical behavior that will help to guide business leaders as they deal with a changing legal and compliance environment. It is time for the faculty to ground students in the duties and rewards of stewardship, including the concerns of multiple stakeholders and the responsible use of power.

Editorial Team

## Global Compact

-By Daniel Albuquerque

In the last week of March 2012, a group of eight scholars (the author included) from across the globe were invited to form an Applied Ethics Global Network under the Aegis of some European corporate houses. The summit took place in the picturesque Alpine town of Villach in Austria. The objective of the summit was to draft a charter according to the principles laid down by the United Nations Global Compact.

### Background of Global Compact

On 31 January 1999, at the World Economic Forum, Kofi Annan, the then Secretary General of the United Nations Organization formally announced the setting up of the United Nations Global Compact. It was officially launched on 26 July 2000, exactly 12 years ago, at its Headquarters in New York. It has been, ever since, just called as Compact or by its acronym UNGC.

Compact, unlike other UN bodies, does not function as some regulatory authority, but it is an initiative to develop Corporate Citizenship where companies across the globe join hands voluntarily to abide by ten universal principles, in consonant with the United Nations Charter and support it in its various endeavours of education, labour, human rights, economic development, Millennium Development Goals, etc.

In June 2004, the first Global Compact Leaders

Summit was held at UN Headquarters where Digital Communities Award ceremony took place. In July 2007 in its summit at Geneva the celebrated Geneva Declaration on Corporate Responsibility was unveiled. In June 2010, on the occasion of its tenth anniversary, Blueprint for Corporate Sustainability Leadership was launched with the objective of implementation of the ten principles.



### The Villach Summit

At Villach we were given the task to draft Global Ethics Charter for Business Leaders. It is based within the framework of the Ten Principles enunciated by Global Compact. The first two principles are about human rights where corporations, on the one hand, are called

upon to respect and protect human rights and on the other not to be complicit in its abuses. The next four principles deal with labour standards: freedom of association, elimination of forced labour, abolition of child labour and to put an end to discrimination in employment practices. The third aspect is about environment which consists of three principles: to adopt precautionary approach to environmental challeng-



es, to take up initiatives to promote environmental responsibility and to develop and promote environmentally friendly technology. The final principle is to eradicate corporate corruption in all its forms.

The Global Ethics Charter builds upon these fundamental Ten Principles. The Charter itself is constructed upon two main pillars. First, a set of concrete Rules which clearly define various areas of the basic principle, e.g., human rights, are laid down. Second, in a technique called Rule Review, specific areas of compliance are indicated and means to implement are suggested.

The Global Ethics Charter is a roadmap for corporations, where they can, without hesitation, implement these rules. The knowledge support for such an enterprise comes from wide ranging inter-disciplinary areas. A system is built through these rules through which the clarity of the rules, their concrete application and verification is enabled. The business leaders are offered with a practical instrument to create, administer and guide corporations with credible responsibility.

### The Importance of the Global Charter

Corporations have crossed territorial, political, ideological and cultural boundaries and have become the essential factor in economic globalization. Yet human nature has not changed. Poignant and extremely disturbing ethical issues have arisen and the corporations have been found at the receiving end of the blame. The corporations have been caught up in human rights issues such as human trafficking, drugs testing on humans,

trade with rogue regimes, extremely unfair labour relations, forced labour, child labour, sweat shops, etc. The corporations are also on the



wrong side of humanity concerning environmental and sustainability issues. Finally, the involvement of corporations in corruption in a big way affects the life of even a simple person, driving the cost of living beyond one's capacity to deal with it. It is hoped that the Global Charter would be a good start in the right direction to solve the difficult and complex ethical problems.

### Spread of Global Compact

The purpose of Global Compact is to include in its fold as many corporations as possible. It is already in several countries. In India it was launched in December 2000 in Mumbai and later in 2003 in Delhi.

The Confederation of Indian Industries (CII) joined Global Compact in 2007 thus enabling Indian Industry to participate in a big way. The United Nations also encourages City Compact, where the local city corporations will be responsible to improve the quality of life in urban centres.

The Global Charter drawn at Villach, it is hoped, will help corporations to find ready guide to understand, comply and implement the Ten Principles propounded by the United Nations throughout the world.



**Daniel Albuquerque** formerly Professor, Goa Institute of Management, Goa, is currently a visiting professor of management at various business schools. He also taught at the Julius Maximilian University, Wuerzburg, Germany. He is also a member of the World Ethics Center of the University of Jena, Germany. He is the author of over half a dozen books, several scientific papers, and freelance articles.

### What Consumers think about CSR?

According to the consumer, a company has three areas of responsibility: product responsibility, brand-related responsibility and social responsibility. The first two are very dominant. In his opinion about the company, the consumer first and foremost applies the performance on product and brand level. The social dimension comes much later and is much less present in the consumer's spontaneous perception.

#### Profitability and Social Responsibility go hand in hand

Companies should, must make a profit. Within the CSR definition, Profitability is a key dimension. Across the different countries, people clearly indicated that a company needs to make profit to play any kind of relevant role in the CSR story. However, profit is the „Means“. Profit as a means to achieve things other than big bonuses. Profit needs to be linked to innovation, investing in the future.

In today's Scenario a realization and acceptance that money is important and that it is essential for companies (and therefore the consumer as well) to grow and be profitable. The time that CSR was the playing field of mainly non-profit organizations is definitely a thing of the past. Whereas in the past values, such as ecology, respect, recycling, etc., were often as a function of improving the operating result (more sales), we have now arrived at a reversal in which the operating result (more profit)

needs to be as a function of the values. Another mind-set which will demand courage.



#### Consumer and companies speak the same language

In its definition of what CSR is or should be the consumer uses the same values as companies do. Respect, Care, Sustainability can be found in both parties. And on a more detailed level, both consumers and companies link the same challenges and objectives to CSR. However, when it comes to who the involved party is and who the main stakeholders are, the consumer puts him first, followed by "his society". The "environment" comes in third place followed by the "employees". The consumer puts government, shareholders in the last place. This implies that the consumer approaches and fills these CSR values from his own point of view, same is the viewpoint of a company for CSR.



## Although company and consumer speak the same language, they don't understand and reach one another.

When consumers zoom into CSR and they try to evaluate the out the credibility of the company's act. Many consumers (worldwide) often have the feeling it's all pure sales and commercial marketing. This negative opinion is low mainly because CSR activities are often perceived as not relevant, nothing to do with me and not plausible. The consumer does not recognize them nor has great difficulties identifying with them. In addition we also noticed (see the beginning of this paper and other studies) that people do not spontaneously relate CSR to companies much. In other words, apart from a lack of credibility in general, companies also face the problem that few consumers in fact know what their CSR actions are.



challenge. Naturally there can't be any relevance without communication. Companies could and should be aware that CSR communication is necessary. On the one hand it serves transparency, on the other hand communication stimulates the growing awareness of the role the company has within a more social discourse.

To maximize the effect and the return of the communication, two aspects are important which are often violated or simply forgotten. Take into account the aforementioned variables; use recognizable language, usable symbols,... And don't forget to say how you approach it, when you approach it, what you are going to do and what the consumer's final benefit

is. The latter provides the transparency CSR very much needs. It makes the relevance concrete and tangible.

## Communication is important

If companies want to improve their consumer contact, if companies want to ensure their CSR efforts and investments have a positive impact, their projects need to become relevant. Relevant for the consumer. The typical characteristics are: **Recognisability** (I feel involved, I can recognize myself in this), **Closeness** (it is one of ours), **Credibility** (it comes across as credible), **Benefit** (there is an advantage and (in) directly I will benefit), and **Transparency** (I see and understand what it's about, how it works). In themselves these are bite size and clear characteristics but translating them into a concrete project is the



## Should CSR spending be made mandatory?

### Introduction

Remember the moral studies classes at school? Was it effective enough in serving the purpose of the course? Ever thought, why? Why did communism fail at all? Why didn't the great men of their time teach their children? Why, usually, people don't like to be preached? All these questions have an underpinning in one of the classical and probably the most central question of Philosophy of Plato's time- Can virtue be taught? In Socrates' views, virtue can't be taught because there are no teachers of virtue. Virtue can be found or learned.

### Corporate Social Responsibility and Companies Bill, 2011

Companies Bill, 2011 has been approved by the Cabinet and is pending for an approval by the parliament. The Government of India has introduced for the first time, the concept of the Corporate Social Responsibility in the new Companies Bill, 2011.

Clause 135 of the Companies Bill, 2011 pro-



vides that every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute the Corporate Social Responsibility (CSR) Committee of the Board.

The CSR Committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy and the amount of expenditure to be incurred on CSR.

The Board of every such company fulfilling the appropriate threshold limit, shall make every endeavour to ensure that the company spends, in every financial year, at least two per cent of

the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

If any the company fails to spend such amount, the Board shall, in its report made shall specify the reasons for not spending the amount. The CSR policy shall also be placed on the website, if any of the company.

The problem with corporate social responsibility (CSR) is that nobody is very clear about what exactly it encompasses. As there is no universal definition that has been evolved, so there



is a difference in opinion of what constitute CSR. Different companies can club different charitable / philanthropic activities undertaken by them as CSR. Today, CSR to some companies means providing lunch to employees or volunteering the services of the employees for the society. To others, it's about tackling global warming and environmental issues or constructing schools or hospitals. Hence, the Companies Bill, 2011 has prescribed only certain specified activities to be called as CSR in schedule VII.

### Should CSR be enforced on Corporations through regulations?

But the moot question that has to be answered to various stakeholders is: How can things like CSR be made mandatory? As the name itself suggests, Corporate Social "Responsibility", making it mandatory will only deviate the course of action away from the targeted goals and will further corrupt the whole system. CSR should be voluntarily rendered and not thrust upon the companies. Forcing it will only compel the companies to imitate the likes of tax evasion strategies and irregularities in revenue accounts and will give high hand to Government officials to nail companies on the mandatory spend. As Planning Commission Deputy Chairman Montek Singh Ahluwalia says, it would be like "privatising taxation". Once you make CSR spending mandatory, people will find ways and means to get out of it. When you make things mandatory, the chances of their not being done are greater.

Industrialist Adi Godrej adds, "It's good to say that CSR is desirable. Then people should decide what to do on their own." Philanthropist Rohini Nilekani is more critical. "I just don't get it," she says. "This is outsourcing of governance. This is taking the failure of the state and the corporates and trying to create a model out of it. If you

want, you tax the corporates and put the money into social programs. But you can't dictate CSR."

### Conclusion

Across the globe, and especially, many European countries have specified that companies must include CSR information in their annual reports. So, the world over the emphasis is on the mandatory "CSR Reporting" rather than the CSR spending. So, Government of India should take the first step like other European counterparts and make CSR reporting mandatory rather than making the CSR spending mandatory.

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## ONGC – CSR Activities

Corporate Social Responsibility (CSR) at ONGC is a structured mechanism of engaging, benefiting and strengthening the fabric of society and its practices are immensely valued by the various stakeholders. Community focus, responsibility for societal development and building a strong industrial base for the country are its foundational elements. It aims to Through partners it identifies the needs of the communities, and select and implement programs that address those needs. CSR projects are targeted towards empowering the weakest sections of the society, such as children, women, and the elderly, thereby generating employment & business opportunities, improving the living standards of the community in turn improving the economy. Apart from this, grants-in-aid are also provided that help in building schools and hospitals. Villages are adopted and health and community welfare programs are organized in the area around its activities.

ONGC CSR activities are very well maintained and regulated by Chief-Corporate Social Responsibility who is the senior most person responsible for community development projects. At the work-centre locations, the Head of Human Resources/ Employee Relations (HR/ER) is responsible for CSR programs and is assisted by full-time CSR coordinators.

ONGC invested about INR 2200 million on the Corporate Social Responsibility (CSR) front in the fiscal year 2010-11. The CSR initiatives of ONGC during 2010-11 were marked by continued commitment to several large scale projects as well as initiation of new projects identified under the CSR focus areas. Some of the key CSR Projects launched and continuing during the year are:

- Community mobilization, in-school intervention, adult education with special focus on female liter-

acy, vocational training to community youth, health and sanitation, utilization of effluent water in three villages in Bokaro, Jharkhand.



- To support the endeavor of the Archeological Survey of India for conservation and development of four Heritage Ahom monuments at Sivasagar, Assam.

- Recognizing the national need for appropriate skills in youth from otherwise deprived section of the society, ONGC has taken projects to impart skill-based training to select youth in the north-eastern state of

Assam.

- Community based health services for destitute aged persons in ONGC's operational area all over the country through Mobile Medicare Units.
- Financial assistance to provide hostel facilities to tribal children in Gujarat.
- Setting up of an energy efficient and environmental friendly green cremation system in association with local municipal bodies at the work centers of ONGC.
- Setting up of computer centers in Uttarakhand, Assam, Andhra Pradesh, Pondicherry, and Gujarat to impart employment oriented vocational training to unemployed youth.

Various CSR activities under the following names were undertaken.

### **Ashadeep: Siksha Ki Jyot**

Education is the foundation for any development activity in the local communities as it helps beneficiaries become disciplined, productive and ultimately, self-dependent. ONGC's Operational

Mahila Samiti's (OOMS) vision is of a rural India where people live in an economically developed society with access to good education and being in good health. With this focus, ONGC initiated an educational program, 'Ashadeep - Shiksha ki

Jyot', for the education of the girl child education in & around ONGC's prime operational areas, for children who live "Below Poverty Line" (BPL). ONGC provides support in the form of school fees, books, stationery and uniforms to each beneficiary. The impact assessment of the project is done through evaluation of half-yearly progress reports and measurement of drop-outs. So far, the project has reached 13,428 girls across the nation giving them a new hope for future.



### Badhte Kadam

ONGC joined hands with "National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities", a statutory body under the Ministry of Social Justice and Empowerment, Government of India, to sponsor their Programme "Badhte Kadam-2". The country wide programme, "Badhte Kadam-2" is meant for:



- The campaign to raise awareness of the disability

To provide information on the UN convention on the rights of Persons and Disabilities (UNCPRD), to which India is a signatory Provide understanding about the focus on disabilities under the National Trust Act To celebrate diversity The program involved working with the National Trust State Nodal Agency Centers (SNACs) to coordinate the

melas, routes and volunteers. The major strategic focus, in line with the National Trust vision, has been to create awareness regarding the disability sector, something that is sorely lacking in India. Each mela target a footfall of minimum of 300 people. However, thanks to the media and word of mouth publicity, the reach has been much more and with more than 2000 people at one mela, Badhte Kadam has been a huge success. Based on the positive press coverage including print, radio and television the reach has been in millions. Now, with the cooperation of the local press, and with lessons learnt, the strategy has been broadened to include the entire country

### Varishtajana Swasthya Sewa Yojana (VSSY)

The problems of 'inaccessibility' and the inability of low-income groups to afford quality medical care often prevents them from getting the much needed health care. Realizing this need, ONGC partnered with HelpAge India to run 20 Mobile Medicare Units (MMU) for 5 years. The 'Mobile Medicare Unit Programme' was founded with the vision of 'Reaching the Unreached' and thus overcoming the challenges of health-care accessibility. The primary segment of the target group is the elderly (60 years & above), for whom access to traditional health service providers is poor and rural areas where Government facilities either do not exist or are inadequate. It overcomes barriers that the elderly and

vulnerable sections encounter in accessing the required needed medical care. The MMU Team establishes linkages with local health services as well as with government departments, Non Government Organizations (NGOs) and Community-Based Organizations (CBOs) in a manner that ensures sustainability of services after the withdrawal of the program from a site. As per the project implementation schedule, 12 MMUs at various locations have already been deployed.

### **Soldiers of the Earth (SOE)**

While the current generation is required to reverse the worrying trend of environment degradation, the next generation would have to be groomed to nurture and safeguard the planet for long-term sustainability. TERI Press, the publishing arm of The Energy and Resource Institute (TERI) and ONGC have conceptualized an environmental awareness programme for children in schools, at home and in the neighbourhood called Soldiers of the Earth (SOE).

The SOE programme is an environmental awareness programme with innovative components like books, interactive modules, learning material and live media. The primary objective of the SOE program is to educate, train, stimulate and encourage young children from all walks of life into learning more about the world they live in and to encourage them to act to save their planet. The SOE Program is an on-ground environment awareness program which will include activities such as training workshops for teachers and students, structured hands-on activities in schools, at home and in the locality, promotional comic books, training and activity modules, and the use of interactive media like television and cinema halls. This one-of-its-kind program is in operation at



three ONGC schools in Dehradun, Ankleshwar and Mehsana, covering a large number of children.

### **Gram Sarv Utthan**

ONGC has initiated a project called 'Gram Sarv Utthan' that is focused on entrepreneurship i.e. self-help and livelihood generation. ONGC has adopted three main villages and three nearby habitations in its prime operating area of the Chandankiya block of Bokaro district of Jharkhand. The purpose of the project is to provide sustainable development opportunities to the communities of these three villages in the fields of community mobilization, school intervention and adult education with special focus on female literacy, vocational training, health, sanitation, water facilities and entrepreneurship (self Help and Livelihood generation) scheme. ONGC has partnered with "Society for Educational Welfare and Economic Development (SEED)", a national level NGO, to provide hands-on support in implementing Corporate Social Responsibility (CSR) and Resettle-

ment and Rehabilitation (R&R) projects of corporate houses, ranging from mining & oil and gas firms to financial institutions. The objectives of this project are briefly enumerated as under.

- Community empowerment.
- Equitable Quality education for the children.
- Promotion of female literacy.
- Vocational training for skill development.
- Organizing specialized health and sanitation aspects.
- Renovation of existing water bodies.
- Self-help and livelihood generation scheme.

## P & G- “Good Ethics is Good Business”

Opportunity to touch and improve lives comes with a responsibility to do so in a way that preserves the planet and improves the communities in which we live and work. The focus should be on the sustainability efforts, on improvements that matter, to make the most meaningful impact we can.



P&G is the largest consumer packaged goods company in the world. It serves approximately 4.6 billion people around the world with its brands. The Company has one of the strongest portfolios of trusted, quality, leadership brands, including Pampers, Gillette, Tide, Ariel, Downy, Pantene, Head & Shoulders, Olay, Oral-B, Crest, Dawn, Fairy, and Always. The P&G community includes operations in about 75 countries worldwide, and the Company’s products are sold in more than 180 countries. Its size presents it with the responsibility to operate sustainably and it also offers the opportunity to create scalable and sustainable innovations that can help grow its business.

The company has a global presence in the field of sustainability and social responsibility. As a part of a global commitment to healthy baby development, Pampers provides assistance to new mothers and babies in sub-Saharan Africa through a variety of programs. For instance, the brand’s “One Pack = One Vaccine” partnership with UNICEF has been providing vaccines against Maternal and



Newborn (Neonatal) Tetanus (MNT) for more than five years. With help from Pampers, six African countries have been validated by the World Health Organization as having eliminated MNT — Burkina Faso, Ghana, Guinea-Bissau, Liberia, Senegal, and Uganda. Pampers is also committed to healthy baby development in other ways. For example, through its Point of Market Entry (POME) programs, Pampers has enabled more than 8 million mothers to receive free health advice at immunization clinics and hospitals across Nigeria. In South Africa



Pampers working in partnership with the Department of Home Affairs has helped register 450,000 newborns, giving them better access to social benefits like healthcare and education.

Through the Shiksha program in India, P&G has built and supported more than 200 primary schools, which has helped give 385,000 underprivileged children access to education since its inception. The access to education can improve the future for children and light a candle of hope in their life. Along with Shiksha initiatives, P&G is committed to im-

proving life in additional ways throughout India. For example, Whisper's Parivartan program has empowered 2.5 million girls by delivering timely menstrual hygiene education — helping to keep them from missing an average of 50 days of school a year due to inadequate feminine protection.

In early 2012, the Vicks brand in Spain launched the 1st Vicks Breathe for Life program to benefit Save the Children's pneumonia project in Bangladesh. The program allowed consumers to "donate a breath to a child who needs it." By purchasing Vicks products or participating in an online campaign, consumers helped Vicks donate critical funding for education, supplies, and medications that helped treat Bangladeshi children and protect them from pneumonia. The donations from the Vicks Spain program have already enabled more than 7,000 children in Bangladesh to get treatment for pneumonia, helping them breathe a little easier.



## P&G Children's Safe Drinking Water

For the fourteenth consecutive year, P&G earned a spot on the Dow Jones Sustainability Index. Corporate Knights ranked them #66 on its "Global 100 Most Sustainable Corporations in the World". The company has taken some potent steps in reducing its energy consumption, water consumption and emissions and the results have been fruitful. In 2007, the company had set a goal to develop \$50 billion in Sustainable Innovation Products (SIPs), which are products that have a significantly reduced (>10%) environmental footprint compared to a previous or alternative version of the product, yet still deliver great product performance which they easily achieved in 2012. The company also emphasizes on product safety to be inculcated in the core of all its processes which renders products to be safe for the consumer and the environment. The statement of purpose: "We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come" showcases safety as an intrinsic part of the products' quality and value.

The P&G Children's Safe Drinking Water Program (CSDW) reached a major milestone in late 2011 when it provided its 4 billionth litre of clean drinking water since its inception in 2006. This occurred during a relief effort in Thailand, where flood took the lives of 500 people and displaced millions more. Dr. Greg Allgood, Director of the P&G CSDW Program, visited families affected by the flooding and demonstrated the use of P&G Purifier of Water. This purifier removes more than 99.99999 percent of common waterborne bacteria (including those that cause cholera), 99.99 percent of common waterborne viruses (including those that cause hepatitis A) and 99.9 percent of protozoa. It has proven to reduce diarrheal disease incidence in the developing world by up to 90 percent.

The Sustainability rankings show the company's dominance as an established Global Corporate Citizen and the efforts of the company showcases that most of the sustainability challenges the world faces can be solved with innovation, and that this innovation can have a positive business impact. The companies should continuously make progress in focus areas of Products, Operations, and Social Responsibility, enabled by employees and stakeholder partnerships. This is a positive thing to do for our society, and it is a positive thing to do for the Company. Sustainability creates goodwill and brand recognition that the company can build on in the years to come.

# Corporate Governance

## National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business

In order to assist the businesses to adopt responsible governance practices, the Ministry of Corporate Affairs (MCA), Government of India, had prepared and released "Corporate Social Responsibility Voluntary Guidelines 2009". This was the first codified attempt by the MCA prescribing a set of voluntary guidelines for responsible business. The CSR Voluntary Guidelines prescribes some of the core elements that businesses need to focus on while conducting their affairs.

The Fundamental principle of Corporate Social Responsibility Voluntary Guidelines 2009 was that:

"Each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board."

The CSR Policy of the company should normally cover following core:

- Care for all Stakeholders:
- Ethical functioning
- Respect for Workers' Rights and Welfare:
- Respect for Human Rights
- Respect for Environment
- Activities for Social and Inclusive Development

Keeping in view of the changing expectations of the society from the business originations, MCA has replaced "Corporate Social Responsibility Voluntary Guidelines 2009" with a more comprehensive guidelines released as the "**National Voluntary Guidelines for the Social, Environmental and Economic Responsibilities of Business**".

The new Guidelines use the term "Responsible Business" instead of Corporate Social Responsibility (CSR)

as the term Responsible Business encompasses the limited scope and understanding of the term CSR.

The guidelines have been articulated in the form of nine (9) basic principles with the core elements to actualize each of the nine principles. A brief summary of the 9 principles is as follows:

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**Principle 3:** Businesses should promote the wellbeing of all employees.

**Principle 4:** Businesses should respect the interests of, and be responsible towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

**Principle 5:** Businesses should respect and promote human rights.

**Principle 6:** Businesses should respect, protect and make efforts to restore the environment.

**Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

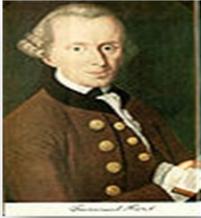
**Principle 8:** Businesses should support inclusive growth and equitable development.

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The reporting framework is designed on the "**Apply or Explain**" principle which is also the fundamental basis of these guidelines.



## Immanuel Kant's Principles of Universalizability



**“Act only in accordance with that maxim through which you can at the same time will that it becomes a universal law.”**

**-Immanuel Kant**

Like Utilitarianism, Immanuel Kant’s moral theory is grounded in a theory of intrinsic value. But where the utilitarian take happiness, conceived of as pleasure and the absence of pain to be what has intrinsic value, Kant takes the only thing to have moral worth for its own sake to be the good will. Persons, conceived of as autonomous rational moral agents, are beings that have intrinsic moral worth. This value of persons makes them deserving of moral respect. Kant’s moral theory is often referred to as the "respect for persons" theory of morality.

Kant calls his fundamental moral principle the Categorical Imperative. An imperative is just a command. The notion of a categorical imperative can be understood in contrast to that of a hypothetical imperative. A hypothetical imperative tells you what to do in order to achieve some goal. For instance, "if you want to get a good grade in calculus, work the assignment regularly." This claim tells you what to do in order to get a good grade in calculus. But it doesn’t tell you what to do if you don’t care about getting a good grade. What is distinctive about a categorical imperative is that it tells you how to act regardless of what end or goal you might desire. Kant holds that if there is a fundamental law of morality, it is a categorical imperative. Taking

the fundamental principle of morality to be a categorical imperative implies that moral reasons override other sorts of reasons. You might, for instance, think you have a self interested reason to cheat on exam. But if morality is grounded in a categorical imperative, then your moral reason against cheating overrides your self interested reason.

- **First Categorical Imperative - Moral rules must be universalizable.**
- **Second Categorical Imperative - Moral rules must respect human beings**

Kant takes these formulations to be different ways of expressing the same underlying principle of respect for persons. They certainly don’t appear to be synonymous. But we might take them to express the same thing in that each formulation would guide one to act in the same way.

### Principle of Universalizability

The principle of Universalizability tells us to act only on those maxims that one can will to be a universal law. A maxim is a principle of action that one gives oneself, stating what one is going to do, and why one is going to do it. Kant tells us that we are to imagine a world in which everyone acts in accordance with our maxim, and then consider whether such a world is strictly impossible or whether it somehow involves the defeat of an essential commitment that any rational agent must have. If either of these so called contradictions ensues, then one

is morally and rationally required to refrain from performing the action called for by the maxim. If no such contradiction ensues, then one's action is morally permitted.

The principle of Universalizability is essentially a requirement not to make an exception of oneself, a demand that one live according to principles that one can coherently see others living by. And this often conforms quite well to our considered moral judgments. It is immoral for a senior banker to embezzle funds, even if his theft is never detected, no one is harmed, and he, his friends and his family is greatly benefitted. When confronting such a perpetrator, we are inclined to ask a very basic moral question: What if everyone did that? Kant's Principle of Universalizability is meant to provide us with a formula for interpreting and applying this central moral question.

According to Kant, then, the ultimate principle of morality must be a moral law conceived so abstractly that it is capable of guiding us to the right action in application to every possible set of circumstances. So the only relevant feature of the moral law is its generality, the fact that it has the formal property of universalizability, by virtue of which it can be applied at all times to every moral agent. From this chain of reasoning about our ordinary moral concepts, Kant derived as a preliminary statement of moral obligation the notion that right actions are those that practical reason would will as universal law.

Suppose I am in desperate need of money and so ask you for a loan. I know perfectly well that I won't be able to pay it back anytime soon. Would it be morally permissible to get the loan by making a false promise to repay the money promptly, a promise I know I can't

keep? Would making a false promise be morally right? Kant says no, obviously not. Making false promise is at odds with the aforesaid maxim.

What is maxim in this case? Something like this "Whenever someone needs money badly, he should ask for a loan and promise to repay, even though he knows he won't be able to do so." If you tried to universalize the maxim and at the same time to act on it, Kant says, you would discover a contradiction: If everybody made false promises when they needed money, nobody would believe such promises. In fact there would be no such things as promises; universalizing the false promise would undermine the institution of promise keeping.

Some philosopher like John Stuart Mill found this version of Kant's categorical imperative unpersuasive. "What if everybody did that?" If everyone lied, then no one could rely on anybody's word, and we would all be worse off. If this what Kant is saying, he is making a consequentialist argument after all – rejecting the false promise not in principle, but for its possibly harmful effects of consequences. But Mill misunderstood Kant's point.

For Kant, seeing whether I could universalize the maxim of my action and continue acting on it is not a way of speculating about possible consequences. It is a test to see whether my maxim accords with the categorical imperative. A false promise is not morally wrong because, writ large, it would undermine social trust (though it might well do so). It is wrong because, in making it, I privilege my needs and desires (in this case, for money) over everybody else's. The universalizing test points to a powerful moral claim, it's a way of checking to see if the action I am about to undertake puts my interest and special circumstances ahead of everyone else's.

### When you work for a cause, it's not really work

With India Inc becoming increasingly convinced about the business case for Corporate Social Responsibility the demand for CSR Managers is increasing. The larger industrial groups are expanding their CSR teams. Companies like the Tata, Jindals, Vedanta and others have well staffed CSR Departments to implement their CSR Agenda.

The demand for qualified and experienced staff is growing making the task of finding the right staff increasingly important and difficult. Most of those working as CSR Managers are inadequately qualified and have little knowledge about the responsibilities of their positions. In most cases CSR department is staffed from within the company, this is particularly so in the case of Public Sector units. Private sector companies look for the required staff from outside the business largely from school of social work.

Unlike in the developed countries India does not have well established academic training programmes for potential CSR Managers. There are few training avenues for aspiring CSR Managers. Most CSR Managers learn about CSR responsibility in-house on the job. Few B-Schools offer dedicated full time programmes for CSR. Most of the learning programmes offered are short time courses tagged with the main programme. While some companies regularly depute their staff to attend workshops or seminars on CSR many others are reluctant to do so on the plea that such trainings are a waste of money and a drain on

the CSR projects run by the company.

While more and more business houses in India are taking up CSR and implementing programmes for the community a majority are still looking at CSR more as charity/philanthropy.. Most feel that CSR is nothing more than spending money on community projects and securing PR options. They largely restrict their CSR activities to projects and programmes which have PR potentials

**Few B-Schools offer dedicated full time programmes for CSR. Most of the learning programmes offered are short time courses tagged with the main programme**

CSR is more than just money spent. The responsibilities of a CSR Manager are wide and cover the entire gambit of activities within the organization. According to Timothy J Mohin, who describes himself as a 'tree hugger' has brilliantly profiled the role of an active CSR Manager. In his book *'Changing Business from the Inside Out: A Tree-hugger's Guide to Working in Corporations'* " an active CSR Manager can accomplish more for the planet and society by serving as a voice of responsibility within the corporation. The CR Practitioner/Manager

plays a crucial role in bringing ethical and sustainable value to the C Suite and making sure that they are accomplished".

Mohin lists five very useful tips for CSR Practitioners/Managers:



### Tip No. One:

CSR Practitioners should acquire essential skills. The CSR job has a very broad scope of responsibility with almost zero authority to determine success. Success of CSR manager depends on how successfully he or she can influence other business managers to be successful they are required to be flexible and curious, be good communicator and be passionate for the cause. A CSR Manager must be the conscience for his company. He or she should be practical, patient and learn to be “gentle, supple, flexible, pliable, or yielding” while at the same time “manipulating the opponent’s force against himself rather than confronting it with one’s own force.”



### Tip No. Two:

CSR Managers should learn to run a disciplined programme. Identifying the important issues is the essential starting point for an effective program. Building management systems around these issues – with clear goals, defined owners, and key performance indicators – is the foundation of a successful corporate responsibility programme.



### Tip No. Three:

CSR Managers must master a wide range of skills and knowledge. Corporate responsibility leaders need to understand issues ranging from environment, ethics, diversity, human rights, governance, compensation, supply chain and more.

### Tip No. Four:

CSR Managers should know their stakeholders. They need to understand their needs and work-

ing to fulfill them is essential for business success. In corporate responsibility, identifying “customers” – or “stakeholders” – can be tricky. Outside the company, socially responsible investors, non-profit groups and activists, the local community, customers, competitors and the media are key stakeholders. Equally important are the stakeholders inside the company who include the Board of Directors, the CEO and his/her executive team, the leaders of key business groups and the employee population as a whole.

### Tip No. Five:

CSR Managers should align their profession to their passion: Getting a job in corporate responsibility can be tough but it is a rapidly growing field which can accommodate people with a wide range of backgrounds. One can work on responsibility issues from any job/position. While the formal corporate responsibility department mainly tells the story, it’s the “mainstream” roles

that make the story. Regardless of whether one works in the corporate responsibility department or works for good from another role, the secret to career satisfaction is to match your profession to your passion. When you work for your cause, it’s not really work.



*By :Suresh Kr Pramar,  
Executive Director,  
Centre for Training & Research  
in Responsible Business*

### IMT-N conducts A Seminal on CSR

A Seminar on **"Corporate Social Responsibility"** was successfully conducted by Institute of Management, Nagpur on 8<sup>th</sup> of December with the fruitful efforts of its Centre of Corporate Governance. The seminar was first of its kind held at the institute and was an intellectually stimulating experience for the faculty and students. The panel consisted of four highly distinguished guests, having vast experience in the field of CSR. The main objective of the seminar was to discuss issues related to corporate social behaviour and to give an effort towards figuring out a reasonable way to align business interest with social interest. To briefly highlight the profiles of the elite speakers; **Dr. C V Baxi**, was associated with MDI Gurgaon for more than 3 decades and has held the offices of Dean as well as Director of the institute. **Mr. B. Balaji**, currently the President & CEO of Sulzer India Limited, also part of the Sulzer Chemtech's EMIRA (Europe Middle East India, Russia) Management Team, and Member of the Corporate Management Group of Sulzer Corporation, Switzerland. The third guest, **Dr. Seemantinee Khot** currently heads Suzlon Foundation, the CSR arm of the Suzlon Group of companies and has nearly three decades of experience in the development sector. Lastly, **Ms. Rubina Sen**, is currently working with Global Reporting Initiative as a Coordinator, Focal Point India, and had formerly worked as Programme Coordinator for the United Nations Global Compact Network India (GCNI).

The seminar began in a traditional manner with lighting of lamps by Director Dr. Subhash Datta and the guest panel. The pace for the seminar was set by Prof. S.N.Sinha, convenor of the seminar who gave a presentation differentiating CSR from Corporate Governance. Thereafter, Dr.Dutta delivered some inspirational lines on the topic highlighting CSR as an upcoming trend. He emphasised on the issue of environmental responsibil-

ity and also gave his opinion about changing the connotation CSR to CSER (Corporate Social and Environmental Responsibility). Dr. C.V.Baxi started the discussion with the topic **"CSR - Yesterday, Today and Tomorrow"**. He primarily pointed out how the meaning of CSR has evolved, over time, from being philanthropy to a way of being and also covered misconceptions associated with CSR. Following him, Mr. B.Balaji carried the discussion further on **"Is CSR Strategy For Corporations?"**. With Sulzer's example, he established that a high value system at the core of a corporations decision making process leads to economic, social and ecological sustainability and long term value creation. Thereafter, Dr. Seemantinee Khot took the discussion to entirely

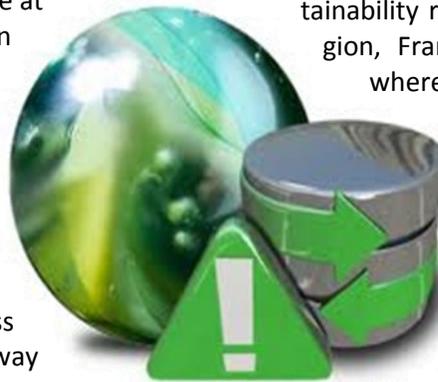
new heights by delivering exquisitely on **"CSR - Win-Win Is A Must For Stakeholders"**. She manifested the need to imbibe a CSR-rich mindset to make CSR a win-win game and rescue it from being just a window-dressing strategy. The last speaker, Ms. Rubina Sen, brought out the practical facet of CSR with **"CSR And Sustainability Reporting In India"**. She pointed out that CSR reporting, being a non-financial disclosure is still a voluntary initiative for corporations in India. She emphasised heavily on the significance of shared values, i.e, policies and practices that enhance the competitiveness of a company while simultaneously advancing economic and social conditions in the community.

The next phase of the seminar was a panel discussion on the topic **"Should CSR Spending Be Mandatory?"** moderated by Dean Dr. Kamal Ghosh Ray. The discussion moved on to a near consensus on the idea that mandating CSR would beat its very purpose and would rather make it accounting exercise. The seminar ended with a warm vote of thanks from Prof. J.Mohanty and presentation of bouquets and mementos to the guest speakers.



### Global Warming alarm

In the wake of the Climate Change Conference of the Parties in Doha, the UN Environment Programme (UNEP) and the European Climate Foundation released the Emissions Gap Report. The report reflects that greenhouse gas emissions levels are now around 14 per cent above where they need to be in 2020. The concentration of the gases like CO<sub>2</sub> which plays a major role in global warming has increased in the atmosphere—up around 20 per cent since 2000. It is a high time that the government if nations give a serious consideration to the safety of the environment. According to the report which has involved 55 scientists from more than 20 countries, if no swift action is taken by nations, emissions are likely to be at 58 gigatonnes (Gt) in eight years' time. In the wake of such an event it also becomes essential for the organizations to play a part in assisting the government in reducing carbon emissions. Companies can take various actions in this regards. They can improve the energy efficiency in their buildings and also improve on their processes to extent less pollution. They can also go for greener way of transportation usage, may be for their employees in a daily basis like arranging for carpooling or group transportation facilities. Finally they should avoid deforestation and support plantation drives to reduce carbon content of the environment.



### JPL bags Annual Greentech CSR award

Jindal Power Limited (JPL), Tamnar bagged the prestigious 13th Annual Greentech CSR Award 2012 in Silver category for outstanding achievement in CSR. The Award was presented on 30th October, 2012 at Hyderabad by the Greentech Foundation, New Delhi. The event was supported by "Indian Institute of Corporate Affairs", Ministry of Corporate Affairs. JPL runs 1000 MW power plant in Tamnar, Raigarh in the state of Chhattisgarh. The award recognizes the intrinsic value of Environment and CSR in JPL's operations, systems and the evidence of their impact to business vitality. (IndiaCSR, 20<sup>th</sup> November)

### Global Reporting Initiative

The Global Reporting Initiative (GRI) which produces Guidelines that companies can use to report their sustainability performance has issued its Annual Report 2011/12. The report draws attention to significant developments in encouraging policy around sustainability reporting, and emphasizes the importance of policy in making sustainability reporting a standard business practice. In the report Ernst Ligteringen, GRI Chief Executive, stresses that "Policy and regulation could have a big impact on the uptake of sustainability reporting; a practice that can serve markets and society, and contribute to sustainable development." Research published by

KPMG (2011) highlights rises in the number of sustainability reporting companies in the Nordic region, France, South Africa, China and India, where regulation or government-led guidelines are in place. According to KPMG, these figures are 'likely driven by government policy in this area, such as Sweden's program to report Corporate Responsibility (CR) activities for all state-owned companies or Denmark's reporting requirement for all listed companies', and that 'government intervention may be required to stimulate CR activity and reporting'.

GRI's Annual Report presents the major global policy developments of the last year. It also details GRI's encouragement of policy. This includes the work of its Governmental Advisory Group, and its Report or Explain Campaign Forum - a convening space for supporters of a 'report or explain' approach to sustainability reporting policy, where organizations disclose their sustainability performance or explain why if they do not. GRI's Annual Report also highlights other forces driving the uptake of sustainability reporting. Stock exchange policies, listing requirements and recommendations boost reporting figures among companies listed on the Johannesburg (South Africa), Shanghai and Shenzhen (China), BM&FBOVESPA (Brazil), Bursa Malaysia, and Singapore stock exchanges. Companies are also increasingly demanding sustainability information from parties in their supply chains, many of which are based in emerging economies and developing countries. (Global Reporting Initiative, 05<sup>th</sup> November)

## EXPERT'S VIEW

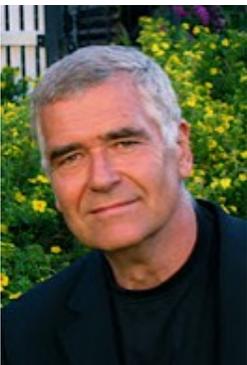
"Our consumers are very sensitive to social and environmental issues... We have actively engaged with them on these issues in the last ten years, and they have become very aware as consumers. They especially ask for information on environmental policies, workers' rights and product safety." -

**Walter Dondi, Director of Co-op Adriatica (Italy's largest retailer)**



"Business has a responsibility beyond its basic responsibility to its shareholders; a responsibility to a broader constituency that includes its key stakeholders: customers, employee, NGOs, government - the people of the communities in which it operates." - **Courtney Pratt, Former CEO Toronto Hydro.**

"Not long ago the concerns of ecologists were as irrelevant to business planners as those of ethicists are today. "Green" has gone from being a disparagement to becoming a badge that no smart company would risk being without. Ethics are similarly en route to becoming a strategic imperative." — **John Dalla Costa, Ethical Imperative**



"I don't believe that the solutions in society will come from the left or the right or the north or the south. They will come from islands within those organizations, islands of people with integrity who want to do something." — **Karl-Henrik Robert - Founder of The Natural Step**

"Companies that are breaking the mold are moving beyond corporate social responsibility to social innovation. These companies are the vanguard of the new paradigm. They view community needs as opportunities to develop ideas and demonstrate business technologies, to find and serve new markets, and to solve longstanding business problems." — **Rosabeth Moss Kanter, Harvard Business Review.**



## Flicker



## Reader's Quest!

On the basis of your understanding of the articles in the magazine answer the following:

Win Surprise Gifts

1. Where are the headquarters of Global Compact Located?
2. What % of environmental footprint should a SIP reduce in comparison to the base product?
3. What % increase in CO2 concentration in the atmosphere has been noticed since the year 2000?
4. Give an apt title for the article "ONGC – CSR activities".
5. Name the personality who describes himself as a "Tree Hugger".

Send your answers to [teamcsr@imtnag.ac.in](mailto:teamcsr@imtnag.ac.in)  
Surprise gifts for the winners.

## Winners Gallery



Rupa Deepanju



Gaurav Rao



Anoop Sharma

*Congratulations*





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