

30 crores still below poverty line *Bottom of the pyramid cries for attention*



In the 1990s, when one spoke of Corporate Social Responsibility, it was very quickly concluded to be donations. It was understood to be a philanthropic gesture which the organisations undertook as their responsibility towards the society. In this context, Corporate Social Responsibility (CSR) or Corporate Citizenship had different implications for different companies. For some companies, CSR could largely mean compliance and altruism. Many others would observe it as a more strategic framework that took into account a company's relationships and overall impact on the society. Companies also have a way of practicing CSR internally within the organisation for their employees and associates.

In the twenty first century, however, companies have been generating innovative ideas and methods to incorporate social responsibility in congruence with organisational goals. To implement these social goals, the companies are partnering with the government and the Non-Government Organisations (NGOs).

The Shiksha initiative by Procter and Gamble and CRY partnership for educating children in India is a perfect example of such a partnership between a corporate and an NGO. CRY's goal and P&G's altruism to reach out to illiterate children in India and provide them with the basic right to education resulted in the launch of Shiksha. Shiksha is a part of P&G's global philanthropy programme 'Live, Learn and Thrive' that focuses on the development of children in need across the globe, specifically in terms of education. Strategically, P&G has incorporated a part of their contribution to this initiative in the selling price of its products. In 2008, through this initiative, P&G

was able to contribute Rs 3.2 crores to CRY and other social partners and impact the lives of almost 87,000 children across India.

With increased competitiveness in the private sector, it is critical for an organisation to leverage its social activities in order to gain a competitive advantage. The increased credibility and goodwill earned from the customers and associates is an invaluable intangible asset for the organisation. As in the case of P&G, the marketing and advertising activities highlight that if a customer purchases P&G products, he or she is contributing towards a national level literacy programme for underprivileged children. Therefore, even if P&G products are priced marginally higher than its competitors, the price is compensated by a feel good factor for P&G customers of being indirect donors to eradication of illiteracy. For employees and associates, it is a matter of immense pride to be a part of an organisation that has a strong CSR commitment.



Another example is of the pharmaceutical industry, where it becomes imperative to either collaborate with NGOs or with the government to be able to reach out to a large population and provide medicines to the needy at affordable prices. This sector has strict price controls and regulations by the government. Therefore, only by partnering with the government, hospitals and the society can the company introduce drugs at affordable prices for distributive justice. Cipla, the Indian pharmaceutical giant fulfils its corporate social responsibility obligations by selling a cocktail of three anti-HIV drugs, Stavudine, Lamivudine and Nevirapine to the Nobel Prize-winning voluntary agency Medicine Sans Frontieres (MSF) at a rate of \$350, and at \$600 to other NGOs over the world, the price of which in the international market ranges from \$1,000-15,000. This has not only made the drugs accessible to a wider range of people, but it has also forced other pharmaceutical houses to lower their prices, increasing the accessibility of these drugs, especially in the developing countries.

Corporate social responsibility practices have been evolving steadily. Private organisations are now more interested in creating sustainable livelihoods and economic development following the triple bottom line approach. The socially responsible companies have begun to realise that the money that goes in should not just be flowing in a uni-directional manner but should also lead to the creation of wealth in the economically underdeveloped regions. ITC's e-Choupal is a great developmental initiative which, apart from bringing Information and Communication Technology to the agriculture sector, has also added value to its own agricultural products. This kind of an application of the principles of sustainable development for a corporate through the introduction of a CSR policy is often accompanied by triple bottom line reporting, which declares not only financial results but also the social and environmental impact of the business.

In the FMCG industry, Hindustan Unilever's Limited's (HUL) Project Shakti is a classic case of CSR beyond philanthropy. Project Shakti was initiated by HUL in 2001 to empower and create sustainable livelihoods for the marginalised women in rural India by providing them income-generating opportunities. By partnering with NGOs and Self Help Groups, these women have not only been able to increase the sales of products and outreach in the economically poor regions of India which otherwise is a mundane task, but also generate income and empowerment for the underprivileged women. Today, HUL's rural sales contribute towards a major chunk of their total sales, making this a highly successful business model which is in tune with the triple bottom line approach. Such has been the success that the global arm of HUL now plans to replicate this successful business model at an international level.

Therefore, in a large measure, while industrial processes have been in the forefront of pollution and while businesses in a wider sense are a driving force on over-consumption, it is also the case that the business community is sensitive to the socio-economic disparities and environmental danger. In all the above cited scenarios, it is obvious how companies are becoming more conscious of the strength of their impact on the society and their role in bringing about a positive change and contributing towards bridging the gap between the haves and the have-nots.

In the Indian scenario, many corporate enterprises are displaying social sensitiveness and addressing community needs. The drivers of corporate-led social initiatives are many, ranging from philanthropic virtues to self interest, but perhaps the more prominent are the revolutionised information society, growing consumerism, government regulations and fierce competition. According to a survey carried out in June 2008 by TNS India (a research organisation) and the Times Foundation, over 90 per cent of all major Indian organisations surveyed were involved in CSR initiatives. The leading areas that corporations were involved in were livelihood promotion, education, health, environment, and women empowerment.

What is evident in most of the CSR practices is that the partnership of the private sector with NGOs is no longer based on short-term needs. CSR has now become a part of the corporate strategy thinking and focuses on building a long-term partnership with the NGOs and social enterprises. Corporate alliance with NGOs is now a result-oriented triple bottom line approach of financial profits, socio-economic development and the environment. The goal of this planned alliance is to bring about a socio-economic change in the lives of the needy through a combined effort. The strengths of both - the corporate being financially strong and NGOs and government with the expertise of their respective domain - are being leveraged to make a greater impact through a joint initiative.

In spite of the increased social initiatives undertaken by the private sector, developing economies like India are faced with complex socio-economic challenges where over 300 million people still live below the poverty line. The pivotal role of the corporate sector in a dynamically changing economic environment and increasing discrepancies cannot be understated. As such, companies need to shift their focus from merely being funding agents to becoming active participants and real contributors in their social initiatives. CSR beyond philanthropy, with its triple bottom line approach to create sustainable development for the bottom of the pyramid, is a long-term viable solution for developing countries like India. This creation of socio-economic sustainability at the bottom of the pyramid is a trigger that will ultimately have the ripple effect of reducing existing disparities in the long term. The need of the hour is change, social – economic – environmental, for a better future and a better today (www.devalt.org, August 2009)