

Ethics and CSR: The Strategy Debate

The distinction between philanthropy and socially responsible business practices, the proposed 'mandatory 2%' CSR law and the triple bottom line theory were discussed threadbare by the flagbearers of corporate India at The Smart Manager's 'Ethics and CSR: The Strategy Debate' in Mumbai on Friday.

Presented by Spenta Multimedia to celebrate the 10th year of The Smart Manager magazine – India's first world-class management magazine – founded by eminent business historian and Director, BP Ergo, Dr. Gita Piramal and Dean of the Harvard Business School, Nitin Nohria, the event saw the launch of The Smart Manager magazine's new look.

In a discussion moderated by Bloomberg UTV's Associate Editor Ms. Abha Bakaya, Mr. Harsh Mariwala, CMD Marico Industries, Mr. Amit Chandra, MD Bain Capital India, Ms. Anu Aga, Director, Thermax, Mr. Vinay Somani, Trustee, Karmayog, and Ms. Rita Soni, CEO, NASSCOM Foundation; it was unanimous that inclusive growth was the need of the hour.

In his keynote address to the august gathering at the Rooftop, Trident, Nariman Point, Mr. Keki Mistry, Vice Chairman & CEO, Housing Development Finance Corporation (HDFC) Limited said India must adopt inclusive growth, especially in the fields of education and healthcare, to be one of the leading countries in the world. Not to deflect from the role of geographical parity, Mr. Mistry said, "Rural areas, too, must become a part of the growth strategy."

To mark the 10th year of the magazine, a CSR-special issue is on sale at newsstands that has articles contributed by Mr. Rahul Bajaj, Mrs. Rajashree Birla, Mr. Ajay Piramal, Mr. Kishor Chaukar, Mr. Dileep Ranjekar, Mr. Arun Maira and others.

Welcoming the audience to the event, Mr. Maneck Davar, proprietor of Spenta Multimedia and Publisher of The Smart Manager, recounted the magazine's beginnings as a pioneering project in management publication, spearheaded a decade ago by Dr. Gita Piramal. "It has been a pleasure publishing this unique magazine ever since", he said. In her speech, Dr. Piramal commented on the differences between the West and the East's constructs of CSR. Reminding the audience that Bill and Melinda Gates have no children, she suggested that philanthropy should be a matter of personal choice, and distinguished that from the inherent social responsibility of corporates.

Mr. Somani, who self funds his NGO Karmayog, said there has been a big improvement in the situation of CSR in India in the recent years. "We have been rating corporate social responsibility for four years. When we started, more than half of the top 500 companies of India had absolutely no CSR operations, whereas today it's almost everyone," he said. Being familiar with IT sector, Ms. Soni said she was happy to see a lot of youth getting involved and expressing a desire to be proactive.

Mr. Mariwala agreed that responsible business and even direct CSR activities have an indirect, positive effect on the company. "The brand benefits," he said. Increasing shareholder value will increase market capitalization and "you get more aggressive in making acquisitions."

Speaking from the audience, Sam Balsara, CMD, Madison World, raised the question of corporations using innovative means to "align business interests with social interests." Citing Tata Tea's 'Jaago Re' campaign that encouraged people to vote or P&G's Shiksha that promotes the cause of child education in India, Mr. Balsara said, "To my mind, this sort of innovative thinking is the need of the hour."

Ms. Anu Aga, widely respected for her stewardship in the field of responsible business and employee engagement, said that her organization Thermax still had no room for complacency and it still needed to narrow down the gap between the company's vision and its employees' participation in it.

A few months ago an attempt was made to make a mandatory two percent of profits spending by corporates on CSR projects. While Mr. Somani was of the view that it was inevitable for this to soon come in to action, Mr. Mariwala strongly disagreed, saying he was assured that such a legislation would not go through.

While Ms. Aga said she was undecided on her support for making CSR mandatory, Mr. Mariwala was strongly against the move. As the Chairman of the Confederation of Indian Industries, Mr. Mariwala said making any sort of contribution mandatory would only exponentially increase the opportunities for fraud and mismanagement of funds.

Agreeing with this sentiment, Mr. Chandra raised the issue of appropriate management of government funds that are set aside for social projects. Speaking on the issue of ethics in business, Ms. Aga said that any organization would struggle to, in this regime, be "completely honest." Mr. Somani stated that private funding was required to cross-check and whistleblow on irregularities in government spending on social causes, to which Ms. Aga responded: "You dont need funds to question the government, you need guts."

Concluding with the idea that corporates needed innovative means to keep their bottom line intact and that there was plenty more to be done in a fast-developing country like India, the panel wrapped their discussions expecting an even more exciting and engaging conversation next year. Tanmoy Goswami, Managing Editor of The Smart Manager, reminded the audience of the purpose behind the debate when he said: "We expect this discussion to create a new paradigm in the world of business events and help create more smart managers for India."

The event will be broadcast on Bloomberg UTV and was supported by online partner, Domain-b.com.

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