

CHANGING DYNAMICS BETWEEN VOs AND PRIVATE SECTOR



VOICE OF THE VOLUNTARY SECTOR

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Abbreviations

FICCI	- Federation of Indian Chambers of Commerce and Industry
ASOCHEM	- Associated Chambers of Commerce and Industry of India
CSR	- Corporate social responsibility
OECD	- Organization for Economic Co-operation and Development
IUCN	- International Union for Conservation of Nature
SEWA	- Self employed women's association
SPARC	- The Society for the Promotion of Area Resource Centers
UN	- United Nation
GAIL	- gas authority of India limited
SAP	- System Application and products
CII	- The Confederation of Indian Industry
CCIC	- Canadian Council for International Cooperation
TNC	- Transnational companies
ONGC	- Oil and natural gas composition
MOU	- Memorandum of understanding
NREGA	- National Rural Employment Guarantee Act

Preface

Societies are made up largely of three overlapping sectors: government, the private sector and voluntary sector. The distinction between sectors at the edge is often blurred and, increasingly, each has to work with organisations in one or both of the other sectors in order to fulfill their own objectives. In the past decade a visible trend, however, has been the transfer of governmental actions and responsibilities to private sector and voluntary sector. This study concentrates on the private sector-voluntary sector axis of relations. Does this trend lend itself to greater levels of collaboration, particularly with reference to larger companies and VOs? Generally the balance of command over resources is beginning to lie less with governments and more with private organisations, both business and VOs

VANI is interacting regularly with business Houses and their institutions like FICCI, ASSOCHAM, CII and others with the objective of engaging them for establishing better CSR practices as well as also re-orienting them to expand their support to voluntary organizations working beyond a service delivery approach. The idea is to establish a mechanism first between VANI and Business Foundations/Institutions for regular sharing. The extended process is to have regular sharing between VANI, Business Foundations/Institutions and the government for collective interaction on issues of the voluntary sector. VANI in this course has worked closely on the issue of working jointly with the private sector. Currently, VANI along with Federation of Indian Chambers of Commerce and Industry (FICCI) constitutes a standing committee on business and the voluntary sector.

The main idea behind conducting this research study is to understand the various complexities of the voluntary sector and explore various possibilities of partnership between both the voluntary and private sector.

The study has touched upon certain aspects of how the voluntary sector is affected by the global financial meltdown and what are the various funding sources of the voluntary sector.

We are seeing that both VOs and businesses are interested in strategic partnerships because they have started to see that collaboration between the sectors can bring added value that would not be possible to accomplish independently. By combining strengths and resources of each sector and by pursuing common goals, strategic partnerships enable partners to exploit each other's differences for mutual benefit.

VOs and businesses have started showing interest in strategic partnerships as they have started to see that collaboration between the sectors can bring added value that would not be possible to accomplish independently.

The study has pre dominantly covered the whole dynamics of how private bodies and voluntary sector can work more efficiently and productively and how they can complement each other through mainstream involvement.

The study also aims to realize what are the difficulties and issues faced by both the sector so that the two sectors can work in close alignment with the each other without compromising on voluntary sector's vision and how far this utopian idea can be practiced in reality. At the onset, I would like to thank Ms Taru Shikha Yadav (VANI) for writing this report and Dr. Jyotsna Mohan (VANI) for coordinating and finalising the report. I would also like to acknowledge Ms. Edda Kirleis, South Asia Desk, Bread for the World - Protestant Development Service for her active support and Bread for the World - Protestant Development Service for supporting this project.

Harsh Jaitli
Chief Executive Officer

The methodology adopted -

The study is based primarily on secondary data. The secondary data includes various past studies of the voluntary sector, taking help from various Indian and international journals, using material available online, integrating material from various seminars and conferences attended by VANI staff members included in the study. Some of the key panelists of the national conventions have also been quoted in the study. The primary data includes few interviews of people working in CSRs. Their inputs give an understanding as how private companies' views this partnership. Some of their views reflect the openness to partner with the voluntary sector but there are also some critical aspects regarding how voluntary sector needs to get more professional in their approach and needs to have its own image building which will help them to be more presentable and approachable.

A Few models of companies engaging in CSR activities are included in the study which can be a reference point for future collaboration and partnership between the two sectors.

Chapter 1

An Overview of the voluntary sector

Voluntary initiatives by ordinary citizens have existed throughout human society. In different periods of history and in different societies they take different forms and expressions. Voluntary Development Organizations in our country are more modern manifestation of such initiatives. Their relevance and contribution are being increasingly recognized in contemporary society.

Various phrases are used to describe such initiatives in India today e.g. 'Voluntary action', 'voluntary organizations', 'voluntary associations', 'voluntary initiatives'. The term 'non-governmental organization' has also gained currency in recent decades and captures a wide variety of initiatives with different purposes, structures and outcomes. Social movements, people's organizations and movements, grass-roots citizens' initiatives are other ways of describing some part of this vast array of voluntary initiatives in the country today.

Voluntary organizations play a vital role in the shaping and implementation of our participatory democracy. They have been contributing immensely towards various development programmes. Voluntary organization provides innovative and alternative cost effective models for development.

Global Financial Crisis

The voluntary sector's global financial crisis that is alarming to collapse the global economy has so far unfolded in three stages. The 1st stage was prompted by the decline of the stock indices of the world leading banks, and financial institutions in 2007. The second wave was in 2008 with a continuing fall in the global stock market. This led to inflation in the value and decreased marketability of commodities. The 3rd wave was the global financial crisis. This crisis is being defined by a serial bankrupting of the world's leading financial companies. The financial crisis is also extending into the real economy and that of voluntary sector engagement.

-Voluntary organization facing the crunch situation

Currently there are lots of complexities involved in the funding aspect of voluntary sector. These are the tough times for voluntary sector. They are trapped from all sides. They are deeply affected by the economic downturn irrespective of what is their source of income. They can no longer rely on government contracts as their income is cut and downgraded, grant makers have cut spending so that they are able to cut the low interest rates and voluntary donation from philanthropists, from corporate sponsorship and from ordinary households coping with rising inflation.

Some of the biggest development and humanitarian voluntary sector organizations are laying off staff or revising programmes as their income streams flatten because of the global financial crisis.

Fundraising experts of three of the world's top Voluntary sector organization- Oxfam GB, Save the Children UK and World Vision USA - said "*programme growth will slow in 2009 as a result of the squeeze. The growth we had assumed when putting plans together a year ago is not materializing*" "So it can be inferred that the overall picture is essentially flat.

Some of the biggest reductions are coming from corporate donors in the financial sector. The financial services and investment banking sector have been very generous in the past but it will be a tough financial times for voluntary sector.

As a result, voluntary sector organizations such as Save the Children will not be able to make substantial investments in existing or new programmes as they had hoped. So both big and small organizations are deeply affected by recession. "The financial crisis in US has also created ripples especially in the smaller Indian towns and villages where the voluntary organizations are facing cut backs of 20-40% by western donors".¹ So the pressure of the financial cuts are felt world over and the most affected are the voluntary organizations. Charities are fighting their own battle to raise funds. There are many microfinance institutions that are dependent on banks and other organization but they too find it hard to cope with this economic downturn.

Any microfinance charities that have been funding slightly larger business -as opposed to the micro-businesses - are more likely to experience difficulties. This is because they are often working with larger sums of money and, the larger a business is, the more likely it is to be exposed to economic difficulties. This suggests that some microfinance groups are likely to re-evaluate some of their funding streams, or at least shore up their financial reserves so that they can be certain they'll still be able to operate no matter what goes on in the wider economy.

-Implication of the current global financial crisis on funders

Despite the debate over how much the financial crisis will or not affect donor funding, both sides of the debate agree to the need to face up to the challenges of the times. Both donors and philanthropists are proposing strategies and practical measures aimed at assisting the sector to survive, if not to seize the opportunities of the current times. There are a few main responses. First and foremost, voluntary sectors, as well as other philanthropic organizations, are embracing cost-effectiveness. Voluntary organizations always tried cutting their cost wherever possible but they have become stricter seeing the current situation. Given the reality of funding uncertainty, voluntary sector organizations are either prioritizing activities or cutting back some variable costs. "For example OXFAM's response is not to slash the programs but to cut redundant staff at both headquarters and regional centers thus cutting 10% -15% of variable cost".²

Another response is the cultivation of donors. This may include investigating possibilities of recruiting previous donors; getting existing donors to commit more funds by drawing up a funding proposal designed around an organization's strengths and achievements rather than

1 NGOs pair down in the face of financial crisis, global policy forum

2 ZeferinoTeka and VhumaniMagezi (DEC 2008), Global financial crisis and donor funding implications: should NGO beneficiaries be concerned

its current financial sorrows; or by exploring new donors that may fall within an organization's area of activity. Some voluntary organizations (such as Oxfam) are relying upon institutional donors, including governments and multilateral institutions. Save the Children is committed to cultivating more funding commitments from wealthy individuals.³

The current financial crisis and its anticipated effects will create difficulties on both the supply and demand sides for voluntary sector. On the supply side, the pressure on government budgets, that is unavoidable given the rescue and recovery packages announced so far may squeeze the appropriations to international development assistance in all its forms. Policy makers and legislators in donor countries may start to further narrow the coverage of their overseas development assistance to the countries that offer the best interface for aid-trade-security. "The crisis will also create balance sheet challenges for the voluntary sector, which will be under pressure to cover fixed and running operating costs at the expense of investment on systems and program quality".⁴

"On the demand side, the voluntary sector will face increasing pressure to provide safety nets and social services for poor people, purchase project inputs at higher costs, increase the remuneration for their staff to offset some of the inflationary trends in the cost of living, and will face either delays or acute problems securing community and host government contributions to projects".⁵ All these may also create difficulties for the local voluntary sector. The voluntary sector may also face serious relationship problems with communities and local governments if they see a sharp decline in charitable giving by individual and private donors.

So its time that in these difficult times voluntary organizations think of some innovative ways to sustain themselves. They should look at different types of donors they can rely upon so that there will be funding security and sustainability.

India's transition to a global donor

The term 'emerging donor' has, over the past decade, become an accepted part of the development world's lexicon, providing further evidence of the rise of emerging economies. This does not mean that the donors themselves are new. What is new is an increased recognition globally that emerging donors are now a viable complement, and in some cases a substitute, to aid from traditional donors.

The emergence of these donors is particularly evident now because it occurs at a time when the developed world faces fundamental questions about its own socio-economic model. The financial crisis has undermined confidence amongst OECD countries, put their aid commitments in doubt and given rise to questions about their social welfare and free market models. It is into this vacuum that India has willingly stepped in to offer its own philosophy of development and growth.

India has increasingly sought to expand its activities as a donor, both to reposition itself as an emerging power and to use aid as an instrument for engaging with other developing countries.

3 ZeferinoTeka and VhumaniMagezi (DEC 2008), Global financial crisis and donor funding implications: should NGO beneficiaries be concerned

4 <http://www.oecd.org/finance/financial-markets/41942872.pdf>.

5 Ibid

India has expanded its aid programme over the past decade, emerging as a serious donor in certain countries. While the amounts remain small, India's emergence has focused attention on its possible motives.

India started its aid programme soon after independence, with the budget speech of 1958 referring to INR100 million in multi-year grants to Nepal and an INR200 million loan to Myanmar. Since then, but particularly over the past decade, India's aid programme has evolved substantially, growing both in scale and ambition. In 2010 India's aid-related budget allocations were "6.9% from 2004 to 2010. Towards this end the country's multilateral budget has increased rapidly. This announcement is perhaps symbolic of the fine line that India is walking between being a "developed" and "developing" country. It is the eleventh largest economy in the world, growing 8-9% annually".⁶

"Today foreign aid is less than 0.3% of GDP. Seven years ago India announced that it would only accept bilateral development assistance from five countries (Germany, Japan, Russia, the UK, and the United States). It is now the fifth largest donor to Afghanistan (with commitments over \$1 billion since 2001) and is increasingly seeking out new recipients - India's aid to Africa has grown at a compound annual growth rate of 22% over the past ten years". India's aid programs are increasingly including countries outside the immediate neighborhood of Afghanistan, Bhutan, and Nepal.⁷

India is no longer containing itself to soft power influences. Driven by competition with China and its own unprecedented growth, India has begun to focus on not only diplomatic influence but also on oil reserves and markets for goods, especially in Africa. Some observers argue that India would do best not to completely abandon its "soft power approach. Much of India's success in its relations with the developing world has been built through its traditional aid program and a shared colonial history with countries in Africa and elsewhere.

There is no doubt that recent change to India's aid programme mirrors a more general re-think of India's role in the world. Responding to increasing ambitions the programme has evolved to be more global, economic and bilateral. India has sought to engage more closely with the multilateral system, while creating its own niche within the development universe by remaining distinct from other donors. India should be able to manifest its potential. It needs to realize that it can play a very important role in the development sector. It should not be dominated by increasing grants for immediate gains.

The risk is that as India increases "it's giving it may try to achieve too many things -political pre-eminence in its vicinity, economic links with East Africa and access to strategic resources (natural or military) in Burma or West Africa". As that happens, India will expose itself to the same criticisms leveled against China and against traditional donors -a risk amplified by India's institutional limitations that hinder transparency and accountability. In short, India's ambitions may outstrip available resources and capabilities.⁸

6 www.realinstitutoelcano.org/wps/portal/rielcano.../Content

7 Vijay ramachandran(2010) India emerges as an aid donor

8 Dweep chanana(2010),India's transition to global donor

Chapter 2

Funding sources of the voluntary sector

“India is estimated to have 3.3 million registered not for profit organizations”. While the sector is regulated by multiple laws and authorities, its credibility is often questioned by most stakeholder groups due to lack of reliable statistical information (about existence, performance, finances, output and outcome), and absence of performance benchmarks.⁹ In addition government licenses and permissions are not sufficient indicators of performance or credibility”, media reports are usually being centered around stories of what went wrong and there is a general lack of awareness by the public about the voluntary sector in India.

Government is the largest source of funds for the voluntary sector in India. While private giving by individuals and corporations is definitely moving up, government envisages a greater role for the voluntary sector in implementing many public welfare programmes. Government is taking several steps concerning the voluntary sector, which are restrictive in nature. Since the start of this decade, the voluntary sector in India has also taken some positive steps towards self-regulation and becoming more transparent and accountable.

There are various sources of funding available for the voluntary sector both in the conventional and non-conventional arenas. Conventional sources are those that are mostly existing and donor -based while non-conventional sources of funding are those that include other ways of funding life fundraising and charity events.

1. **The bilateral and multilateral-** aid is one of the biggest sources of funding seen over the past fifty years. These originate either from foreign offices of developed countries or from multilateral organizations set up by different countries such as the United Nations, the World Bank, and the Asian Development Bank. These organizations have been created to extend international support for alleviating poverty and reducing the socio-economic gap between the developed and the developing countries. But their agendas are far more complex and they are not necessarily focused upon injecting funds into the voluntary sector. A small part of their massive array of programs does include funding support for the voluntary sectors of developing countries.
2. **Private charities/foundations-** is the second important source of funding. These sources are privately handled and have a better focus on equipping local voluntary sector not just financially but also technically. Private foundations are becoming major players in the development arena. They are providing assistance in terms of providing technology, professionalism to voluntary sector.
3. **Corporate -** In countries where there is some economic growth recorded with a presence

9 Pushpa Aman Singh(Dec 2009),NGO Accountability in the Indian Context

of a wealthy private sector, the voluntary sector can also look upon corporate agencies as another major source of funding for them. There are also international corporate groups that have Corporate Social Responsibility (CSR) agendas for enhancing equity, social justice and development. Presently corporate agencies are also partnering with the voluntary sector for joint profit-oriented projects. These may include partnership of voluntary sector with corporations. In India big companies like TATA and Birla are working with voluntary organizations and have adopted various communities where they provide education for girl children.

4. **Government funding** - In some countries local governments are also a major source of funding as they have different community welfare and development schemes which voluntary sector organizations can apply to for project implementation. Donations and gifts, mostly from individuals or informal groups are also sources of funding for the voluntary sector. Finally, the non-conventional resources include micro-enterprises, microfinance and micro-insurance.
5. **Humanitarian emergencies funding** - The various bodies like government, UN, individuals, private companies, corporations and voluntary group and organizations all contribute in humanitarian emergencies and natural calamities. There are few voluntary organization who are able to arrange funds and assistance with the backing of external support during emergency but there are many voluntary organization who are not able to establish the support and have to seek UN funding, US or other government grants, assistance from private foundations, community and individual support that consolidate funds on behalf of another organizations.

Source - <http://www.fundsforngos.org/alternative-fundraising/3-major-sources-of-funding-for-ngos/>

-Emerging relations between small bilateral, civil society & multilaterals

With regard to donor-voluntary sector there are few suggestions on how we can build upon the relationship between the two. Firstly, donors need to fund both service delivery and advocacy organizations. Secondly, donors need a long-term relationship with the organizations that they select to work with. Thirdly, the agenda should be set jointly by civil society and donors, and one should not expect civil society to conform blindly. Fourthly, the donors should expand their reach to lesser known organizations, and fund intermediate organizations, such as the National Foundation of India (NFI), which would then work through smaller and more geographically remote organizations. "A certain proportion of assistance should be earmarked for new partners who have commitment and enthusiasm, but may not have managerial and technical capacities. NFI and other such intermediary organizations, such as IUCN, Oxfam, etc should also organize capacity building workshops, disseminate knowledge about best practices from other states and countries, and document the grassroots experience for wider circulation".¹⁰

Lastly best results are obtained when government collaborates with civil society in programme design and implementation, as it combines the scale of government with voluntary sector empowerment strategies. Voluntary sector organizations are valued partners when they

10 The new government policy on bilateral assistance to india,paper commissioned by embassy of sweden

complement government rather than substitute. “To encourage such GO-voluntary sector collaboration, small donors may give funds to large voluntary organizations such as SEWA, SPARC, PRADAN & Myrada, and ask them to seek government partnership”.¹¹

- **Partnership with multilaterals**

Smaller bilateral organizations are seeking partnership with multilaterals such as UN organizations, which have a small budget and generally look forward to receiving bilateral assistance. Such partnership focuses more on macro and policy issues as the bilateral focuses more on micro-interventions. To have any kind of policy advocacy there is a need to have caliber, intimate knowledge of the subject, power of articulation, communication skills, and access to media and the selection of such organizations with these skills has to be carefully done.¹²

- **Encourage multi-year and diversification of funding**

Donors should be able to understand there is lot of diversity within voluntary organizations and the approach also has to be different. It’s time that donors shift their approach and become more open to various sources of funding of the voluntary sector so that the future sustainability of the organization remains. Donors should be more open to multi-lateral grants that are based on the needs of the organization rather than governed by pure funding cycles. Donors also need to understand that they shouldn’t have unrealistic expectations from the organization, staff, community and beneficiaries. For long term sustainability short term funding wouldn’t be the best approach for the organization’s growth and it would put pressure on the organization to show results in a short stipulated time. There has to be long term planning by both the organization and the donors so that voluntary organizations have a vision to achieve greater outputs and are able to deliver effective outputs.

-The Need to Become Self-sustaining

Voluntary organizations have commonly depended on funding from donor agencies, multilateral lenders, charitable institutions, and government ministries for their own administration and programming. In the past, these donor/voluntary relationships generally worked well for non-profit, non-governmental organizations.

However, in recent years, voluntary sectors in some countries like Thailand have been witnessing a marked decrease in available grants and other funding from both overseas and local donors. So it can be assumed that this trend will continue and that we must adapt accordingly.

The voluntary sector must take into account prevailing trends in development and in public spending when planning for the future. Increasingly, public and Para-governmental organizations in developing and developed countries alike are being transformed into enterprises that must perform in the marketplace. “The prevailing wisdom is that this will generally improve the efficiency of these organizations as well as diminish tax burdens on working populations. Funding for the voluntary sector is heavily linked to new public spending trends. The voluntary sector either directly receives funding from government ministries and foreign government agencies or receives funding from multilaterals and larger voluntary organizations that are influenced by government spending trends. Either way, the voluntary sector cannot afford to ignore these changes”.¹³

11 The new government policy on bilateral assistance to India, paper commissioned by embassy of Sweden

12 Ibid

13 <http://www.pda.or.th/downloads/NGO-SustainabilityConceptPaper.pdf>

There are lots of complexities faced by both donors and voluntary organizations as they experience constant economic and political pressures. There are lots of hurdles faced by donors. They are often dominated by large organizations, government ministries and national ministries that can actually hinder them from giving funds based on the quality of a project, the organization's capabilities and good track record of the grantee. The voluntary sector must keep these limitations of donors in mind and think of ways how they can actually diversify their funding.

Funding challenge faced by Voluntary sector

Mostly all non-governmental organizations (Voluntary sector organizations), share a common dilemma: Lack of funds, which limits the quantity and/ or quality of the important work they do. An unlimited need chasing limited resources is a fundamental fact of economic life in rich countries and in poor countries. It affects large international organizations, such as the United Nations, down to the smallest local voluntary organizations right from rural development agencies to health care providers to education and training institutes, so managers of voluntary organizations must often pay as much if not more attention to finding funds as they do to using those funds.

The voluntary sector is finding it difficult to sustain itself as grants and donations are not very sufficient to meet the requirements of current programs and VOs are finding it difficult to expand their programme activities. As the concerns of society are increasing day by day there is also a dire need to address them in a systematic way and voluntary organizations are trying their best to bring attention to social issues and create awareness among the public. There are lot of times that donors themselves have limited resources and funds to support the important causes and give attention to all of them. So as the population is increasing so are the vulnerable and deprived groups, which need attention from the voluntary organizations.

Dependence on grants and donations can also inhibit the autonomy of voluntary organizations to choose which program activities to undertake and to select the most effective intervention strategies to achieve program goals. To a certain extent, all donors have their own agenda, i.e. their own views as to which problems are important and the best intervention strategies to address these problems. "Voluntary organizations may be compelled to follow the money and allow donors to dictate the scope and direction of their activities, or else receive no funds at all".¹⁴

The uncertain continuity of donor funding, be it short term or long term, makes it extremely difficult for voluntary organizations to plan and implement organizational core activities. It also may force voluntary organizations to live a project-to-project existence, being unable to make long term plans to expand core activities or to improve the quality of program services.

The challenge facing the voluntary sector is to find ways to increase financial security without sacrificing the mission of their organizations.

There is no easy solution to this complex problem. All voluntary organizations are diverse and different and have their own unique attributes, they have their own mission, skills, and ideologies, and clients etc. The most urgent need of all is their financial security, which is of prime importance. For every organization different approaches need to be adopted. For some voluntary organizations distancing themselves from donors might be a possibility while for some trying to raise their own funds will be more suitable. Others might think that fully and solely depending on donors will be the best option for now. So there is no definite answer or no best approach can be pin-pointed. It totally depends on organization what suits them best as they know what their prime object is and how to achieve those goals.

14 Mechai Viravaidya and Jonathan Hayssen(2001),UNAIDS best practices , Strategies to strengthen ngo capacity in resource mobilization through business activities

Chapter 3

Concept of Corporate social responsibility

“**T**he topic of corporate responsibility has been captioned under many names, including strategic philanthropy, corporate citizenship, social responsibility and other monikers. As the names imply, each carries with it a certain perspective on the role of business in society. Regardless of the label, for now the dominant paradigm underlying corporate social responsibility or CSR is centered on the idea of creating “shared value.” The role of business, according to this model, is to create value for its shareholders but in such a way that it also creates value for society, manifesting itself as a win-win proposition”.¹⁵

CSR has evolved and is no longer limited to only monetary help but is moving towards a larger picture of society. It has gained prominence through partnerships between public, private and voluntary sectors. It has started reaching out to remote places especially in India and is also generating employment opportunities where resources are not easily accessible.

Business throughout the world is mushrooming in huge numbers and is becoming larger and greater. The emergence of globalization is giving impetus for businesses to expand further. Big companies are furthering expanding their reach across their geographical borders and making a mark world-wide. Indian companies are not far behind. They too are making their presence felt across nations and are emerging as major players. Globalization and liberalization have led to increasing growth rates in the Indian economy India collaborating with international economy has led to a head start of India coming into the forefront and competing with the international business. Gone are the days where business undertook traditional roles of only emphasizing profit. Civil society in this modern age plays a very important role and ensures that companies go beyond profit and start contributing to society, including the environment, planet and people.

Corporate social responsibility addresses legal, ethical and commercial expectations of civil society. CSR ensures that business work in an ethical manner and contribute to the economy of the country at the same time improving the working conditions of its employees and the community. CSR ensures a holistic approach rather than only one-sided growth which can be harmful for society.

“Compared to public companies, privately owned companies, both large and small, often have much greater freedom in allocating their charitable dollars in line with the philanthropic inclinations of their controlling owners, regardless of how well or poorly the donations align with the companies’ business purpose”.¹⁶ As the companies prosper with time we can see a

15 Kash Rangan , Sohel Karim , working paper 2012 , Why every company needs CSR strategy and how to build it

16 Kash Rangan , Sohel Karim, working paper 2012 , Why every company needs CSR strategy and how to build it

formal form of philanthropic activities via the emergence of foundations which give a platform for charity carried out by companies. This can also help company align its philanthropic activities with its business.

Companies falling under the CSR bracket have a broader scope and perspective on funding community activities, grants for voluntary organizations, environment sustainability programs so as to make business more value based. CSR is flexible in nature as it caters to the expectations of civil society and also works for the goals of its own companies.

It has been proven that buying from a company that acts ethically or gives to a cause provides further incentive (warm glow!) to the consumer. “The late 1990s and the early 2000s saw an uptake in businesses giving proceeds or providing volunteers to causes linked to their brands.

Some called it “corporate social responsibility”, others called it corporate philanthropy or corporate citizenship. Regardless of its title, it was a way for business to raise visibility while raising funds for good”. At that time, many assumed that corporate social responsibility—often referred to as CSR—was merely a trend or a means to market brands in a new way. While there is some truth behind that suggestion, consumers responded in ways that have undeniably shifted corporate social responsibility from ‘trend’ to expectation’. Today, businesses continue to see positive results from their CSR efforts.¹⁷

India has become one of the fastest growing economies in the world. It is growing at the rate of 9 percent p.a. As an emerging market in India everything is looking for an international perspective. “At the stage when India is set to acquire a global position, it is essential to gauge whether economic development is due to successful commercial operations”.¹⁸ It should be realized that government alone can’t make a difference to the societal problems and solve their issues and problems. The emergence of CSR has made the job easier for the government. This has led to distribution of responsibilities.

In the Indian context companies like TATA and Birla are pioneers who started the CSR long before it became a term and a concept. These big companies helped the downtrodden of society and took up issues, which needed attention like health, education, environment and livelihood. Through CSR activities they made major intervention, which were well received and accepted.

“As per United Nations and the European Commission, Corporate Social Responsibility (CSR) leads to triple bottom-line: profits, protection of environment and fight for social justice. There is a need for civil society, activist groups, Government and corporate sectors to work together to create appropriate means and avenues for the marginalized and bring them to the mainstream”.¹⁹ A business’ CSR’s success depends on how serious it is about the development aspect of society and whether it fits into one of the business’ priorities and core strategies.

17 <http://www.business.com/guides/social-responsibility-53151/>

18 Deep Basu (2010) CSR coming of age in India

19 Nilesh R. Berad (March 2011), CSR issues and challenges in India,

The CSR has to further implement various policies and approaches to achieve an overall development of “triple bottom line”.²⁰

Due to the growing awareness and pressures from civil society toward the corporate sector, it has felt the need to be associated with social causes and which will also enhance its brand value. CSR initiatives are coming up with innovative ideas to support various social causes. The whole aspect of desire to do good and creating value and becoming socially more responsible is the motive of much CSR.

All these new and innovative attempts to make business more responsible have lead to CSR. They need to be more people-friendly and are required to have a need-based approach and not just superficially involving oneself in various activities just to enhance their brand value. They have to have a more inclusive approach towards various social problems.

- Understanding Corporate Social Responsibility in a new paradigm

1. Felt needs & Requirements

For a long time, businesses have given back to society in different ways. The domain for such outreach was based more on concerns and thoughtfulness to help people. They started assisting in relief work, addressing felt-needs or immediate requirements of the society. This became a prime driver for several companies and of all types and sizes to make the entry point and select CSR initiatives. It is more visible in the form of programs in Health, Primary Education, Child development, Women empowerment, Vocational training and so on.

2. Mitigating Negative Impact

Companies are also driven by the fact that they have negative impacts on society that have to be addressed. For examples in areas of hazardous waste management, emission control, effluent treatment or safety at the work place. This is a good way companies could begin from within and extend CSR gradually to communities outside.

3. Extension of Business Competencies

Businesses have realized that problems in communities are complex and that they need to form partnerships to make a greater impact. While poverty is a tough problem of our times, it is understood that it can be mitigated in our lifetime. And so these partnerships are focused on others who come together in specialized roles. And the business community does it by defining what it is best suited to deliver - through its own core competencies. Typically companies and volunteers assume the role of ‘teachers’ and vocational trainers. A chef could teach bakery items to slum women with the same dexterity as a computer

²⁰ The Triple bottom line is an accounting framework that incorporates three dimensions of performance: social, environmental and financial or people, planet, profit. Captures an expanded spectrum of values and criteria for measuring organizational (and societal) success: economic, ecological, and social.

expert could teach software training. Medium and larger companies have a huge role to consciously enlist what expertise and technologies are available and how to channel this through its volunteering / CSR programmes.

4. Serving the Underprivileged -

Businesses are becoming more socially responsible and are attempting to make a big difference by innovating and reengineering their products and services to reach the underprivileged that need to be brought to the first step of the economic ladder. Be it information technology or applications in a set of key technologies to train young people - the purpose is to identify, involve and engage them to participate in the different segments of the supply-chain wherein the corporate sector builds symbiotic partnerships with the poor. At a more collective level, they are in a position to work with the government by forging public private partnership, with stated tasks and goals as a more tangible thing to work for; the overarching purpose is to serve the underprivileged.

Source - <http://csrworld.net/csr-in-business.asp>

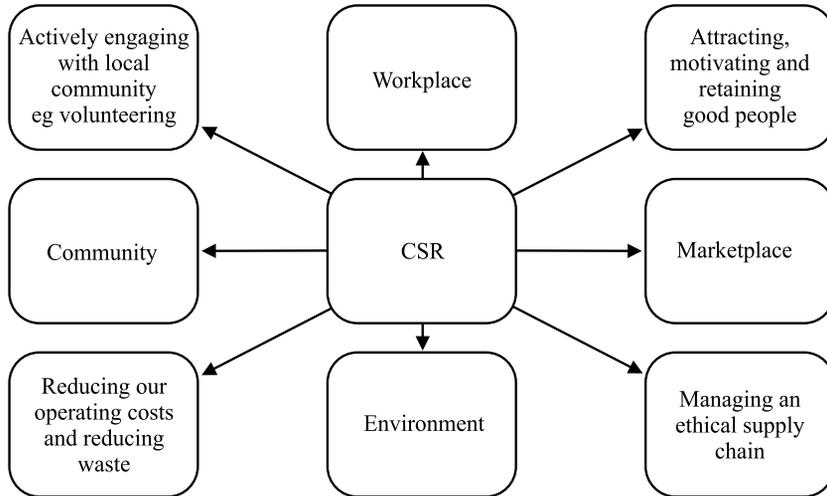
-Improving Corporate Governance

Corporate governance is a focal point in creating safeguards against corruption and mismanagement, limiting insider dealing and cronyism while promoting the values of a market economy in a democratic society. The values promoted by corporate governance include accountability, transparency and the rule of law— as well as fairness, responsibility and ownership and protection for minority shareholders.

The benefits of committing to corporate governance mechanisms are less corruption, a healthier private sector, fairer markets and greater institutional development— all of which support a growing economy. “Separate from corporate governance, which at its heart is the protection of shareholder’s rights, is the growing interest in corporate social responsibility. Companies are not only pressured by government, which adopts corporate governance regulations forcing codes of conduct on businesses, but also by public opinion galvanized by civil society movements and labor organizations”.

Self-regulating or voluntary codes of corporate behavior prove that companies are willing to be good corporate citizens. It is important for the public and private sectors to work together to develop set of rules binding for all, establishing the ways companies have to govern themselves. Business associations, such as chambers of commerce and industry groups, should try encouraging their members to develop globally recognized standards of corporate governance.”A private player encourages governance and business association develops codes of corporate governance for its members”.²¹

21 Engaging private sector in development (chapter4) ,<http://web.undp.org/cpsd/documents/report/english/chapter4.pdf>



Source - enabling environment of CSR practices

-Why do companies need CSR

Today corporations are treating CSR as a separate entity where they have a separate department or programme fully devoted to the development aspect aside from profit making. Most of the corporate have a vision and mission statements that drives their CSR initiative. Companies today are increasingly sensitive about their social role. The companies not only concentrate on how they will position their product or how they will sell it but also they have asocial strategy. Corporations have noted that brands are built not only around good quality of the product; but also around emotions and values that people ascribe to those products.

Corporate have to be more careful and analyze their course of action and what effect it is having on stakeholders. They feel that the basic motive of CSR today is to increase the company's overall impact on the society and stakeholders.

During the long and distinguished history of the “company” or businesses / corporate in India and other parts of the world, business leaders have been trying to make a positive impact on the society, communities around them and the world, in some way or the other.

The actual manifestation of a company’s CSR activities and commitments could take a myriad of forms. “The sectoral impact could range across Agriculture; Education (primary, higher, vocational, etc); Health; Women’s empowerment; Urban development; Bridging the digital divide; Enhancing employment opportunities; Improving the quality of life of differently enabled / variously challenged people; Improving the ecological environment; etc”.²²

22 <http://csrworld.net/basic-concepts-and-fundamentals.asp>

Many corporate chip in to ameliorate the disastrous impact of natural calamities (e.g. tsunamis, earthquakes, floods, etc).

At times large companies dwell in national policies and support human rights and democracy. Since these are sensitive national concerns and are also controversial in nature CSR should tackle these sensitive issues with great concern.

There is lot of diversification seen in terms of the geographical spread of CSR. Some companies intervene only in the immediate community around the same vicinity as their office while other companies have a far felt reach across borders.

“It can be stated with a fair degree of exactitude that most CSR initiatives target some or the other under-privileged / needy groups among the society”.²³ Since business is all about result output and profit, it is now gradually expanding its investment in communities in markets that gives them more visibility and prominence.

A business starting a CSR should be very clear with its objective and what it plans to accomplish. The next step is to develop a strong framework and strategy as to how it can reach out to its target or key audience. For some this can be one of the CSR strategies and for some this strategy can be difficult to put in practice. Smaller companies can influence and engage in environment and socially conscious practices through various re-cycling programmes, charity, employment generation, education facilities and many more. Larger companies can engage in a more complex issue like transparency, ethic and values and accountability of their brand.

Corporations always need to keep in mind that their core business and CSR activities have to be in sync with each other. The CSR can never be successful if they fail to achieve what they had intended to and make false promises. This can tarnish the image of companies.

Thematic areas of CSR

CSR activities are involved with lot of theme based areas like health, education, sanitation, environment, gender issues, child rights, microfinance, housing, poverty alleviation, and housing. Some companies work in specific areas, theme based and others take up the broader perspective and undertake a larger scope of areas to focus on.

The various specific programs are designed keeping in mind the requirements of the people and local culture. There is also allocation of human resources apart from funds that will help in the implementation of programmes. This approach is adopted by many top companies. The implementation of these programmes if done systematically and by trained resources will result in carrying out the activities in communities successfully.

Challenge to CSR initiative

The various challenges facing CSR initiatives in different parts of the country.

23 Ibid

Lack of community participation in CSR activities: There is a lack of interest of the local community in participating and contributing to CSR activities of companies. The situation is further aggravated by a lack of communication between the company and the community at the grassroots. This is largely attributable to the fact that there exists little or no knowledge about CSR within local communities as no serious efforts have been made to spread awareness about CSR and instill confidence in local communities about such initiatives.

Need to build local capacities: There is a need for capacity building of the local non governmental organizations as there is a serious dearth of trained and efficient organizations that can effectively contribute to the voluntary sector. This seriously can hinder CSR activities and subsequently limits the scope of such activities.

Issues of transparency: Lack of transparency is one of the key issues among voluntary organizations. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programmes, audit issues, impact assessment and utilization of funds. This lack of transparency is a major hindrance, which affects the partnership between corporate and voluntary organizations.

Non-availability of well organized non-governmental organizations: there is non-availability of well organized voluntary organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.

Visibility factor: The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the local population about various voluntary sectoring CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many non-governmental organizations to involve themselves in event-based programmes which are the latest trend. Some high profile nonprofit organizations manage to gain visibility and get noticed by big companies for sponsorship and in the process; the companies often miss out on meaningful grassroots interventions that do not have the means and resources for any kind of visibility.

Narrow perception towards CSR initiatives: Non-governmental organizations and government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all.

Source - Nilesh R.Berad, CSR issues and challenges in India, 2011

“Lot of companies doesn’t have a large vision of CSR. Lot of them are afraid to invest as one doesn’t get any visible or tangible reward immediately. So it can be said CSR is at a nascent stage of development. I came across a pharmaceutical company based in Gujarat which wanted to promote a new line of drug as part of their CSR strategy. They wanted to promote this drug to the local people irrespective of whether they really needed it or not. The company wasn’t really bothered about the people’s needs but was seeing their interest and trying to promote their product under CSR.

In my view CSR lacks both vision and maturity. Perhaps with the coming of the new companies’ bill it will give a better sense of direction. It is very important for companies to have a long term vision on how they want CSR to function. It will take another 3-4 years for companies to have a serious impact on the social development.”

Interview of Dr Rama Baru, Centre of Social Medicine and Community Health, School of Social Sciences, JNU, Worked as co-chairman of VHAI-task force group on public private partnership under NHRM, Date - may 27, 2013

Heading towards a partnership mode

VOLUNTARY SECTOR-Private Sector relations are like a game of chess: while there are only a few pieces to move, there are an almost infinite variety of ways to play the game.²⁴

The old paradigm - where voluntary sector organizations do the service delivery, private donors’ fund it and governments regulate - is withering away. Companies have become, in effect, the largest overseas development agencies. “With the growing recognition that trade and markets are the most important drivers for development, lines of responsibility are getting blurred. Every sector is exploring new roles, working relationships and ways of doing business. Partnerships are fast becoming the preferred mechanism for delivering sustainable development”.²⁵

In the last 15 years, the trend of the voluntary sector working in cooperation with business has developed considerably. The global community - including leaders of international governmental institutions and of the non-profit sector as well as some business leaders - has recognized the importance of including business in the process of international development. Business has the potential, capital, and efficiency to impact various stakeholders in a positive way. But despite this capacity, there is a concern that business is not always attuned to the needs of corporate social responsibility (CSR).

24 CSR initiative in India <http://www.intrac.org/data/files/resources/94/OPS-27-NGOs-and-the-Private-Sector.pdf>

25 ,<http://thepartneringinitiative.org/w/wp-content/uploads/2012/04/Emerging-opportunities-for-NGO-business-partnerships.pdf>

Companies who want to be more socially responsible do not necessarily have the desired skill, knowledge and the motivation to engage in developmental activities. The voluntary sector on the other hand has become a major participant in developmental work internationally, but the major drawback is that they don't have means and resources to carry out their activities. That's how the partnership mode with business, public and the voluntary sector is increasingly important worldwide.

This partnership between government, the voluntary sector and business encouraged by the UN is starting taking shape and will be useful and beneficial in towards the development of societies and nations. "For example, the World Bank launched Business Partners for Development in an effort to bring together business, the voluntary sector and government on particular projects".²⁶

In the past phases of the economic boom in the 1980s and 1990s, governments were considered the sole arbiter of public goods and both corporations and nonprofit organizations were put under their control or were subject to their guidance. However, since the Asian financial crisis of 1997, governments have been relying increasingly on the voluntary sector to help alleviate social problems across the region. During the Asian Miracle, when economies were flourishing, businesses started expanding their activities, strengthening their hold on society, and making greater social impacts. They started taking a more serious role in solving the problems of societies and went beyond charity. They started considering the voluntary sector has a major and useful partner in their future activities.²⁷

The voluntary sector also increasingly found itself sought out as partners by private sector firms engaged in aspects of development work or in economic activity that have impacts on developing communities. Such partnerships may be sought for a variety of reasons. In some instances, donors such as the World Bank, some of the UN agencies and government aid agencies encourage partnerships between the voluntary sector and the private sector. "The World Bank's Business Partners for Development, for example, brings together private firms, voluntary sector and government authorities in "sectoral clusters", studying and promoting examples of tri-sector partnership".²⁸

In other instances, individual companies are motivated by public relations interests to seek relationships with the voluntary sector as a way of improving corporate image or deflecting criticism. As a consequence, many voluntary organizations find themselves working alongside private sector firms in carrying out aspects of their programming or in exploring solutions to developmental challenges.²⁹

Partnerships between business and non-governmental organizations have increased in number and sophistication over the last decade. A number of factors are contributing to this trend including governments, consumers and others demanding an increase in the private sector's commitment to being responsible members of society. This combined with the decrease

26 Engaging private sector in development , Chapter 4

27 <http://repository.upenn.edu/cgi/viewcontent.cgi?article=1022&context=curej>

28 Ibid

29 <http://repository.upenn.edu/cgi/viewcontent.cgi?article=1022&context=curej>

of government funding of the voluntary sector means that cross-sector partnerships are becoming core to addressing many complex social and environmental issues. Over time, these collaborations are becoming more sophisticated, strategic and aligned to business objectives, and in many cases are moving beyond basic philanthropy to win-win partnerships that are in fact generating strong business, social and environmental benefits.

For voluntary sector organizations that are fit for purpose, opportunities for collaboration are varied and increasing in number. However, for successful partnering with the private sector, there is no one size fits all. In the past, companies commonly supported the voluntary sector by writing checks. Today, some companies continue to provide generous financial support, while others are looking for new ways to partner, from including employees in hands-on activities to working side-by-side with the voluntary sector to develop innovative new ways to deliver services. Because of the wide range of partnering possibilities with companies, the voluntary sector should consider and seek partnerships that reflect a range of relationship types along a partnering spectrum.

Successful collaborative model

An example of a company based in Uttarakhand called B2R. When this company entered Uttarakhand in Kumaon region they didn't have any legitimacy and there was no reason for the community to trust them. They tied up with Chirag, an NGO which has been working in that community for nearly 20-30 years. They demonstrated their model of intervention to Chirag organization and asked them to modify their model to suit the needs of that community, and how they can mobilize the youth and the local people. In this whole process they were introduced to the local panchayats, interacted with localities, teachers and parents. The outcome of this partnership is that today B2R has about 600 people employed in that area. This development could only become holistic because of the well-crafted partnership between the two sectors. This is a perfect example of synchronization with what the companies are doing, what they are engaging in and exploring the probable partnership with the voluntary sector-Participant NASSCOM Foundation(National convention VANI , 21st Feb 2013)

A partnership can be done in two ways - transactional and transformational. Transactional is a traditional way of doing it. "A transactional collaboration is characterized by one-on-one principal-agent relationship where the dominant party determines the work plan and obligations for services".³⁰ This type of relationship is completely appropriate when both the corporation and the voluntary sector agree that for efficiency or more traditional financial support fulfills the needs of both parties. At the other end of the spectrum, a transformational partnership is characterized by a work plan that is shared by all parties, reciprocal obligations, and partners that work closely together and practice equity, transparency and co-creation toward mutual benefit. Relationships most often begin in a more transactional way and often

30 http://thepartneringinitiative.org/w/wpcontent/uploads/2012/04/ChangingTrends_BizNGO_Partnerships_2010-

do move along the spectrum towards transformational when both parties learn and evolve in the partnership.

“In a survey by the Economist Intelligence Unit, voluntary sector organizations are placed at the top of the list for being the most important ‘non-traditional’ stakeholder group to businesses. From the perspective of the company, partnership usually stems from a desire to mitigate the reputation risk of being labeled negatively by the voluntary sector”.³¹ Whilst being a perfectly legitimate reason for partnership, bringing it to the next level by developing a common objective achieves greater good for both parties and builds a more balanced relationship, which in return further mitigates the reputation risk. Companies may feel that the close partnership will cause unnecessary friction and animosity due to conflicting ideals. Seen from another perspective, however, the partnership lends credibility to the company’s sustainability initiatives due in part to the critical surveillance of corporate actions by the voluntary sector.

Many voluntary sector organizations have avoided working with corporations at all because of their negative views towards their practices. In the past decade, these relationships have started to change but there is much more work to be done to effectively engage both parties.

There is a need to understand how corporate takes the decisions Their decision-making process from the beginning has always been centralized. So there is a need to understand that whatever decisions the corporate take is not intentionally but it’s due to their sheer ignorance and lack of knowledge of the ground realities. But now this scenario is changing. They are open and receptive to the problems of grass root level, and also consider the views of stake holders and after taking all this into consideration then the corporate take the final call.

The corporate need the support of voluntary sector at every step as they lack the competency of working at the grass root level. Hence voluntary sector has to play a major role here and they can provide a helping hand to corporate by giving a firsthand insight of the real issues, needs and challenges at the grass root level-Participant, CII, (National convention VANI , 21st Feb 2013)

Voluntary sector organizations are of the notion that corporations are just profit-oriented organizations and their only motive is to make money. Corporate do not really have a clear strategy planned out what they have to do and how to select the voluntary organization they want to work with and due to this corporate take a long time in decision making and the voluntary organization loses its enthusiasm and will to work with them.

“In addition, corporate foundations only comprise 12% of all philanthropic dollars in the US, but volunteers and funds from business units are not included in this figure. Businesses usually give small (\$10,000-\$100,000) single-year grants to begin the process of working with

31 Maria E. Bobenrieth and Darian Stibbe (July 2010) , changing trends in business ngo - partnership

a voluntary organization. If they develop trust with an organization, over time they may provide more funds".³²

So there are many ways to explore the elements that lead to and drive partnerships. One recent view suggests that there are three stages, which companies and Voluntary sector go through as they move towards a formalized collaboration.

Stage 1 is seen as a pre-convergence condition, when companies and voluntary sector organizations work out of their different attitudes toward liberalization and globalization, and take issue over the nature and speed of de-regulation that companies' conduct in developing countries.

Stage 2 is one where companies and the voluntary sector begin to realize they have to co-exist and so they look for ways to influence each other. Some businesses and voluntary sector organizations at this stage agree to execute joint social responsibility projects.

Stage 3 This is a stage when both voluntary organization and business realize that they have the potential to work with each other. Both parties begin to form a partnership in a more organized and systematic way. Their partnership becomes more values based where the objective and vision are the same.

Source - <http://thepartneringinitiative.org/w/wp-content/uploads/2012/04/Emerging-opportunities-for-NGO-business-partnerships.pdf>, emerging opportunities for ngo-business partnership

-Some ways of partnership can be:-

"The 21st century will be the age of alliance. In this age, collaboration between nonprofit organization and corporation will grow in frequent and strategic importance" James E. Austin³³

- Having common goals towards sustainable voluntary sector and business partnership

It is important to understand the goals behind the partnership. Even if the working style is different but there is a common objective then the partnership is meaningful. Sometimes the voluntary sector might feel that their corporation motive is different from their development goals and they do not want to compromise on their beliefs.³⁴ So it's important

32 <http://srint.org/blog/wp-content/uploads/2010/04/NGOs-Corporate-Partners-.april16.2010.-doc.pdf>,

33 <http://www.hbs.edu/socialenterprise/pdf/SE6CollaborationChallenge.pdf>

34 <http://www.causebecause.com/news-detail.php?NewsID=206>, Private sector-NGO partnerships: Finding the right strategy and approach,

for the voluntary sector to understand the prime motivation of the company. If both the sectors agree on the commonality of the objective and have consensus on the outcome then there is no looking back.

It would be wrong to say that these two sectors can't work together, this relationship is complex but if nurtured in a right direction it can be a major impetus for the growth of the society. In these contemporary times corporates are willing to partner with the voluntary organizations that have a long term vision and are open for both social development and business objectives. They are moving beyond corporate philanthropy of just giving donations. There are opening up to more interaction with donor and recipient. Without the business rationale, philanthropic donations may be relegated to just a 'do good' effort that may be reduced or even suspended during difficult economic times.

- **Identify potential partners**

When picking potential partners, it's important to consider in which areas a partnership would be most beneficial to the organization. If we look at UNHCR, it examines areas where innovation and efficiencies are required. The corporate sector can be considered a great potential source of funds.

Mark Hopkinson, head of new business, Unicef; says: *"We do a lot of work mapping out what Unicef's relevance is to the business community and where those points of shared value are ... The blanket approach doesn't work – just going out and speaking to everyone because you're 'a cause' won't pay off. Think carefully about what the overlap is between your development organization's work and the business sector, and then target companies."*

- **Conduct due diligence**

Not all businesses are suitable partners. Every organization should have a dedicated board that considers each partnership before allowing any to proceed. Also known as ethical screening it has become standard across most development organizations in the voluntary sector. Some organizations screen companies against a variety of criteria - issues related to children, what industries they are involved with, the company's values, its corporate governance structure, its labor standards, the company reputation in the media and whether there are any brand risks in partnering with that company.

Oxfam also has a short-list of prohibited and 'high-risk' industries. They say *"we are always trying to weigh up the potential value of collaboration in terms of achieving the outcomes for people living in poverty, versus the risks in terms of brand and reputation. Ultimately we make a judgment"*

Source - <http://www.guardian.co.uk/global-development-professionals-network/2012/nov/27/development-ngo-private-sector-partnership>

So it's important to seek to identify companies that are genuinely committed to moving in the right direction and where the potential benefits outweigh any risks.

- **Agreeing to the objectives**

Finalizing a partnership can be the most difficult part of the process. Agreeing on the objectives is the best place to start. It's about openness at the beginning so that everyone can honestly discuss what is achievable. So both partners are looking at how they can use each other's resources. Although the company's motivation might be quite different to the voluntary sector's, as long as there is a shared understanding of where it might move to and what the positive change can be on both sides, the voluntary sector must be prepared to accept that this needs to be a win-win for both parties." Putting objectives in writing is also recommended.

- **Understanding each other's differences**

Every organization has certain ethics and values and a certain style of working. Corporate have a very different orientation towards working which is in contrast to the voluntary sector. Their decision making process is also very different from that of the voluntary sector. It is very important to keep these aspects in mind, which will help in future collaborations. There is no doubt that the voluntary sector is people-centric. There is a need to have a common ideology, which has to set in so that these sectors can align themselves accordingly. Voluntary sector organizations are dealing with lot of complex issues in society whereas corporate are more output driven and take decisions in a prompt manner. It's essential to first of all recognize and accept the differences in order to understand each other better. They must be able to understand each other's point of view and value the strength of each other which if put to use can lead to lot of meaningful work.

- **Review the partnership regularly**

The effort that goes into forming partnerships is hardly worth it if they only last for a few months. UNICEF is increasingly looking at 3-5 years as a minimum expectation. The trick to such longevity is a process of constant communication and fine-tuning to ensure both parties remained equally committed and satisfied.

One of the examples can be seen by UNICEF-They shared their annual reviews meeting for both parties to look at the key performance indicators, share what's worked well and what the challenges are. They also have regular meetings with the companies. It gives an opportunity for both sides to discuss the relationship.

The best relationships, after all, are the ones that endure.³⁵ It becomes very important to timely review where the partnership is heading towards. There is a need to for a long-term relationship so that the relationship sustains for a longer period of time

³⁵ <http://www.guardian.co.uk/global-development-professionals-network/2012/nov/27/development-ngo-private-sector-partnership> ,

- **Opening a new gate way based on trust**

The rapidly changing environment is having major implications for the role of the voluntary sector, their sources of funding, the nature of their relationships and their activities. Globalization, the increasingly multinational nature of business and electronic communication, has led to a parallel reduction in the powers of the nation state to affect development and a rise in the powers of the business community. “Multinational corporations account for over one quarter of the world’s GNP and with such massive resources at their disposal there is increasing recognition that with global influence comes global responsibility. The welfare state is giving way to business welfare. Voluntary sector need to engage with the Private Sector in new ways”.³⁶

If we look at the relationship very objectively, the voluntary sector mostly wants funds from corporate and don’t see each other working together. They have incompatible goals. This perception, if it continues, will only lead to further resistance. The voluntary sector always sees itself as the compromiser while working with the corporate sector where profit goes to them. They also see voluntary sector as too idealistic and unrealistic and these ideals really be put to practice. This struggle of mindsets will always continue. Rather than being too skeptical it’s also refreshing to see that these sectors are moving beyond their conventional modes and are showing their keenness and willingness to explore new possibilities of sharing expertise, knowledge, and agendas.

There is often an argument if some companies can be accused of engaging with the voluntary sector for public relations. Moreover, are voluntary sector organizations equally using partnerships as a competitive tool to raise their profile amongst donors and supporters .

Few voluntary sectors organizations have a united position within their organization regarding businesses, except those pursuing a solely antagonistic route. Indeed, there are heated debates within the voluntary sector: directors, trustees, supporters and staff can divide into separate

For any partnership to flourish - trust, openness needed - If corporate have to work at grass root they also need support from the communities and local people and they cannot work in isolation. Companies’ bill is giving an opportunity to both corporate and civil society to work with each other. It will open a lot of avenues for further affiliation. Many corporate under Corporate Social Responsibility are doing good work. In today’s time there are around eight lakhs corporate and they have to spend two percent. Therefore we should look at it as an opportunity of window. There is need for both the sectors to discuss how they can work with each other. The approach of extending financial support is slowly declining. The time has come to look beyond trusteeship and philanthropy. The issue is how we can accommodate more players and work together which will be beneficial for our county and for our community -Participant FICCI (National convention VANI , 21st Feb 2013)

36 <http://www.intrac.org/data/files/resources/94/OPS-27-NGOs-and-the-Private-Sector.pdf>

camps. Thus creative leadership of the voluntary sector is required as some stakeholders seek more corporate engagement and others act as a brake on potential partnerships.

The voluntary sector's biggest asset is the trust of the people and at the core public trust of the people and goodwill is much more compared to the companies. This is also one of the factors which is encouraging corporate to work with voluntary sector. The underlying point is that the voluntary sector shouldn't be endorsing companies but instead engaging with them. To say that companies are there to only maximize profit is wrong. Civil society also raises the issue of how companies can give back to society. These questions can't be taken lightly. Companies output of how far it has contributed to the society has also become a benchmark to measure a company's success, their brand value and image. So these days the parameters of business success is changing.

Companies stress integrating the developmental and social principle in their culture and also diffuse the core principle of CSR in their mission. This would result in the employees being more open to the social and specially community level issues. This will prepare them how to tackle complex issues. Participation of corporate in the communities and addressing their issues will lead to good will among community members. This will make it easier for corporate to work with voluntary organizations. The partnership of mutual trust and respect has become very essential for both the sectors.

- **Voluntary organization-Corporate partnership to solve developmental issues**

Voluntary organizations have become frustrated in their efforts to improve developmental practices through legislation, and therefore some are attempting to work directly with business to achieve their goals. Quite simply, the voluntary sector realized that business participation was essential to the development of any long-lasting solutions. Voluntary sector organizations are also facing the difficulty of maintaining and finding new sources of funding. In 2001, the Canadian Council for International Cooperation (CCIC) created a guide for the voluntary sector called "Bridges or Walls, Making Our Choices on Private Sector Engagement" which outlines possible ways of engaging with the private sector. It explains that cutbacks in international development aid by governments have put pressure on the nonprofit sector to find alternative funding.³⁷ The voluntary sector is turning to corporate for funding but they don't want to totally depend on corporate. So the best way to adopt is a partnership mode where they are constantly making an effort with the corporate to work with them on a project based activity so that they can give their expertise assistance other than financial assistance. Simply giving financial assistance cannot sustain for a long time.

This new approach of engagement has also led corporate to seek out and reach voluntary organizations so that they can also give solutions to the complex problems concerning society.

37 http://www.ccic.ca/_files/en/what_we_do/002_dev_org_bridges_or_walls_final_guide.pdf

“The role of partnership could be defined by both the private and voluntary sector keeping in view the resources available and the need of the area. However resource mapping, community mobilization, organizing the beneficiary groups can be done by voluntary sector and facilitating capacity building of the communities in terms of productivity enhancement, skill up gradation and market linkages can be done by private sector.

Here we would be a bit careful in planning the programs by both the sectors. It must be need based and not be seen as charity or typical corporate philanthropy. Rather should be seen as handholding not spending out of charity”.

Interview of Hemnath Mishra, General Manager, Bhaskar Foundation Dainik Bhaskar Group Initiative. Date - April 2 , 2012

- **Going beyond cheques**

Voluntary sector organizations are always struggling for funds and they are always on a look out for how to diversify funds. The major drawback in this regard is that they do not know how to approach cooperates and procure funds. They have no direct links or contacts. The greatest sufferers are the small organizations that are not able to form contacts. There is a need for strong networking which is required between the two sectors.

The prime reason for the partnership between the two sectors is that corporate have the funds and they can bring economic changes to the disadvantaged, which can lead to employment generation and improve quality of life. The voluntary sector has to trust the corporate that they can add value to their development strategy and can also complement each other's assets. Since the voluntary sector has skills and experience in working at the grass root level and has a direct reach to the people so corporate along with voluntary sector organizations can bring effective changes to the people's lives and contribute more effectively rather than just giving monetary benefits.

“Let me admit that large section of the Indian private industries perform their social responsibility in sheer symbolic manner i.e. annual tree planting festivals, organizing health camps, distributing school bags amongst children etc. Now time has come for the private sector to relook and redefine the interventions and programs being undertaken by them. It's not the finances spent on CSR or sustainable development program but the impact of the program on lives of local communities. So CSR or social interventions needs to be considered as an important agenda for the private sector”

Interview of Hemnath Mishra , Bhaskar Foundation Dainik Bhaskar Group Initiative, Date - April 2 , 2012

- **Independent Value creation**

Both private and voluntary sector have individual goals, but work together in order to generate desired values. This requires a lot more effort from both the partners. One example

is partnership in which a company donates their employees working hours and technical expertise to a voluntary sector organization when the voluntary sector organization works with relief work in an international catastrophe. In this case the partnership would benefit the company by motivating their employees and improving their image and the voluntary sector by improving the quality of their relief work.

- **Business motivation for strategic partnership with voluntary sector**

Voluntary sector organizations are often in possession of certain knowledge, skills and information that could be crucial for businesses to access. These possessions could include technical know-how and suggestions for solutions on environment or social problems, knowledge on issues not usually associated with business such as biodiversity, development or poverty reduction. Gaining access to such expertise could lead to new ways of thinking and identifying new markets and products to make business more efficient to address stakeholders concerns about development and sustainability.

Due to their often- limited resources, voluntary sector organizations are accustomed to working with other voluntary sector organizations to pool their resources, which makes them more capable of formidable concerted efforts. Having access to information through these networks, as well as being able to give information back to them, could be an important asset for both the parties. Voluntary sector organizations have much higher level of trust than businesses and by engaging with voluntary sector, business could seek to increase their credibility where the partners have mutual issues and interests.

Voluntary sector organizations can also be formidable agents of change. Partnering with the voluntary sector could be an effective way of joining forces in order to shape both legislation and industry standards if they are aligned to both partners and interest. This is because there is the potential of partners to gaining far greater influence by working together rather than alone, and this can be seen as more credible when discussing their own interest by showing that others have the same interest.

- **Image and credibility**

A company's reputation is becoming more and more important to both investors and consumers. A company's impact on its stakeholders is an emerging benchmark of corporate performance since stakeholders are beginning to ask what companies can do for society, not what society can do for companies. Trust has become a driver for partnerships between the voluntary sector and business because the public trusts the voluntary sector more than it does companies.

Voluntary sector organizations are more trustworthy than corporations in terms of benefiting society. A company that partners with a voluntary organization can hope to be seen as trustworthy and be more credible in its attempts at CSR through this association. Maintaining trust between the public and voluntary sector is the reason that they should not simply be playing an endorsement role with corporations but should be instead engaging with them critically. Thus, for a corporation, it is prudent to cultivate the public impression of socially and environmentally responsible business because most consumers do not trust business claims but nevertheless, believes what the voluntary sector tells them.

Voluntary sector is often called middle sector and here there are many players, namely the government, individual donors, institutions, and corporate. The corporate constitutes a large and important group. And if we look at it from the perspective of corporate they have since beginning worked on their own terms and conditions as part of their brand requirement and strategy. But now there is a need to see how corporate can go beyond themselves and contribute to society-Participant, SOS Children's Villages (National convention VANI , 21st Feb 2013)

- **Management skill for improved efficiency**

The non-profit sector needs to be more pragmatic about its mission, there is a sense that voluntary sector organizations have a tendency to focus on the process of implementing development projects, but have not yet learned to expect results, much less account for lack of results. On the other hand, corporations bring to the partnership a sense of accountability and hard-nosed, result oriented attitude that is often lacking in voluntary sector counterparts.

Cost effectiveness is important, especially when funding resources are scarce. The non-profit sector could benefit from incorporating some efficiency standards inspired by corporate influence into its practices. Voluntary sector organizations can capitalize on the skills and expertise of the individuals involved through board participation, project development or employee volunteerism. In addition, the business sector provides access to resources in research and development, experience and expertise in marketing support, distribution services, and outreach. Because a large part of non-profit work is providing services to clients, the voluntary sector needs to be able to market these services. An increasing number of voluntary organizations are becoming businesslike, and partnership with corporations is a powerful instrument for these to develop a self-sustaining pattern of activities. The voluntary sector cannot usually afford to work on building better financial management, information and technology, or strategic planning skills, which would help them to better, carry out their mission. Thus help from a corporation with expertise in these areas could be very desirable.

- **Better results by changing corporate mentality from within rather than through confrontation**

However, there are advocates in the voluntary organizations that “believe the interests of corporations are fundamentally incompatible with the interests of the poor.” They argue the voluntary sector should be focused on pushing for a more regulated private sector rather than working in conjunction with it.

“Others believe in the potential to change the values of the business sector itself as CSR is increasingly being taken into account by big corporations. The idea of the “triple bottom line” which focuses on the social, environmental and economic performances of a company is starting to become part of private sector mentality”.³⁸

38 <http://repository.upenn.edu/cgi/viewcontent.cgi?article=1022&context=curej> ,

Many who support this view encourage and call for more socially responsible business and they encourage the companies to be more innovative and liberal in their approach. This whole dynamics of triple bottom line becoming sync with the financial bottom line will give positive incentive to the companies. Defenders may argue that the business should internally change their practices so that it can have a long lasting impact.

So from both the sides there has to be openness and enthusiasm, keeping in mind the various complexities involved and head towards the partnership between both the sectors.

Sixty seven per cent of domestic companies have chosen non-government organizations (NGOs) as partners to undertake their Corporate Social Responsibility (CSR) projects, while 58 per cent prefer government departments for the spread of CSR obligations, Associated Chambers of Commerce and Industry of India (Assocham) says. The chamber, in its assessment, 'CSR: Quantitative Analyses, said 21 domestic companies were working with multilateral or bilateral organizations for CSR activities.

The importance of building strong public-private partnership as well as working closely with NGOs as implementation partners is being realized by companies, Assocham said

Source-business-standard.com/article/companies/67-companies-chose-ngos-for-csr-implementation-

Difficulties of partnerships and requirements for implementation

The major complication faced by the two sectors can't be ignored. They come with specific challenges which are of great concerns and needs to be reflected and addressed before the partnership begins.

The concept of sectoral ambiguity helps to explain observed problems with confused expectations, management tensions and lack of sustainability. Because partnerships are situated in both the for-profit and non-profit world, it is a challenge to align the interests and desired outcomes of both parties.

"Issues like expectation mapping from both sides. Most of the times, the voluntary organization just perceives the corporate as a funding body, which may not be the correct way to perceive this relationship. At times, the corporate also feel that they are being taken for a ride by the voluntary organization. Or that, the agenda of the voluntary organization does not map with theirs."

Interview of - Dr. Ritu Dangwal, Deputy general manager, Research and development NIIT limited, Gurgaon. Date - 21st may 2012

Partnering with corporations can lead to many sorts of issues for the voluntary sector. Some partnerships can create problems of coordination and policy making between different departments. The fundraising, policy and campaign departments may not see eye to eye on how best to interact with a corporation. Although voluntary sector organizations have several credible assets (advocacy, legitimacy, information, vision and expertise) they need to be better organized and more certain about the goals they want to achieve by partnering with a corporation. Everyone would be better served if the voluntary sector were to decide if and when to engage, and what they want, before approaching companies. If they do not adopt a more clear-cut vision of their own expectations, business will not choose to engage with the voluntary sector, especially since they are already perceived as organizationally weak.

This can cause tensions between staff and workers in the same company or organization since often, the decision to enter into a partnership comes down to individuals and those promoting partnerships find themselves in direct conflict with their more skeptical colleagues.

One of the major obstacles faced by companies are lack of professionalism and inexperience of voluntary organization's staff. There can be a certain intermediaries bodies within the voluntary sector who can facilitate exchange of information and communication between the two sectors.

Another problem is that business must be genuinely dedicated to the goals of partnership. Beyond mission statements, partnerships require commitment of business leaders to achieving the goals set forth in their company's mission statement. One factor shared by all companies engaged in partnerships is that, not only do they clearly state their mission and dedication to corporate philanthropy, but they also desire their contribution to take place through community involvement.

There is a fear that partnering would not necessarily change the way business is conducted, but that it may negatively influence the non-profit sector. "It is true that large TNCs are of the greatest concern to the voluntary sector because of their direct impact on the lives of the poor, and their power to influence the rules of global trade and investment".³⁹

There is a constant concern that the way businesses are growing the disparity between rich and poor are also widening. There is concentration of power in the hands of few and this trend will further worsen the situation in the coming years.

This difference illustrates the economic power of the business sector relative to macro-economies of developing countries. Voluntary sector organizations face a dilemma in deciding whether they should encourage business to use this power to further the goals of sustainable development, or whether they should work against corporations by pushing for more private sector regulations in an attempt to harness the power of the private sector.

Governments have the ultimate capability to create an enabling environment for non-profit organizations since they have the authority to determine the incorporation and registration processes, fiscal and tax treatment, and other factors that can serve as incentives of disincentives for partnerships. Many partnerships thus operate in the broader context of multi

39 http://www.ccic.ca/_files/en/archives/lc_2000-01_review_of_issues.pdf

sectoral partnerships. These can involve government authorities, media, and the community at large. Many partnerships are fostered under the auspices of international governmental organizations and institutions such as the World Bank.⁴⁰

So there is no one solution to this complex problem. Government can also play an important role in fostering the multi-level partnership and ensuring conducive and enabling environment so that this partnership can smoothly take place.

“Voluntary organizations are not homogeneous entities. There are differences in size, have diverse funding and have different ideological orientation. Voluntary organizations are not for profit seeking but many of them behave like one. Even in voluntary organizations there is corruption and tend to be bureaucratic which can’t be denied. The question is who will scrutinize them and whom they will be accountable to. Lot of foreign funding is coming in voluntary sector and how is that changing the attitude of voluntary organizations needs to be pondered upon. If we analyze the whole paradigm of partnership more deeply, it is based majorly on power relation. Voluntary organization needs money and private companies will fund them as long as voluntary organizations are ready to accept what the companies dictate.

The question here is which voluntary organizations can be selected for partnerships and the process of the formation and sustaining the partnership? Are the voluntary organizations selected on the basis of personal contact, reputations? So to make the partnership work there has to be equal footing given to both the sides.”

Interview of Dr Rama Baru, Centre of Social Medicine and Community Health, School of Social Sciences, JNU, Worked as co-chairman of VHAI-task force group on public private partnership under NHRM, Date - may 27, 2013

New Companies Bill

Lok Sabha recently passed Companies Bill, 2012 which will replace the present Companies Act 1956. Under new law, the CSR spending would be the responsibility of companies like their tax liabilities.

Companies’ bill has been in talks for past few years and has time and again been amended to adjust to the changing corporate environment. The Companies Act tries to balance two competing factors of management autonomy and investor protection. The economy of India has been witnessing continuous changes; it is ongoing through consistence growth and expansion.”In this background of continuous changes and growth of economy , the central government after due deliberations decided to repeal the companies act ,1956 with the introduction of new enactment in the form of legislation to provide new for new provision to meet the continuous changing dynamics of national and international economic environment”.

40 <http://repository.upenn.edu/cgi/viewcontent.cgi?article=1022&context=curej>

These new changes in the proposed legislation are directed towards further acceleration of growth and diversification of the economy in the corporate scenario. It addresses the public concern over corporate accountability and responsibility.⁴¹

According to clause 135 of the bill, “Every company having net worth of Rs 500 crores or more, or turnover of Rs 1,000 crores or more, or a net profit of Rs 5 crore or more, during a financial year” shall make every year endeavor to ensure it spends in every financial year, at least two percentage of its average of net profit made during the three immediately preceding financial years, in pursuance of its corporate social responsibility policy”.⁴²

If companies are unable to meet the CSR norms, they will have to give explanations. In case, the companies are notable to do the same, they have to disclose reasons in their books. Otherwise, they would face action, including penalty.

The main features of this bill are:

1. Eligibility

Every Company registered under the companies’ law or any previous laws (Section 1) If (Section-135):

- Net worth of rupees 500 crore or more
- Turnover of rupees 1000 crore or more
- Net profit of rupees 5 crore or more during any financial year

2. Accountability

- The company will constitute a CSR Committee of the board members consisting of three or more directors.
- At least one committee member shall be an independent director.

3. Work of CSR Committee

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII.
- Recommend the amount of expenditure to be incurred on the activities.
- Monitor the Corporate Social Responsibility Policy of the company from time to time.

4. Role of the Board of Directors

- Review the recommendations made by the CSR Committee.

⁴¹ Companies Bill, 2012 and the constitution of NCLT and NCLAT,2012

⁴² http://smartinvestor.business-standard.com/pf/Insurance-150190-Insurancedet-Rs_100_cr_CSR_bill_likely_for_each_of_top_15_BSE_companies.htm

- Approve the CSR Policy for the company.
- Disclose contents of the Policy in the company's report/website.
- Shall 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; Provided that the company shall give preference to the local area and areas around it where it operates for spending the amount earmarked for CSR activities.

5. *Minimum required money for CSR*

- Ensure that the company spends, in every financial year, at least 2% of its average net profit made during the three immediately preceding financial years.

6. *Activities under CSR*

According to Schedule VII, Activities - as a Project Mode, which may be included by companies in their Corporate Social Responsibility Policies, are:

- i. Eradicating hunger and poverty
- ii. Promotion of education
- iii. Promoting gender equality and empowering women
- iv. Health - reducing child mortality, improving maternal health, combating HIV/AIDS, and malaria
- v. Employment enhancing vocational skills
- vi. Contribution to PM's fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women
- vii. Ensuring environmental sustainability.
- viii. Social business projects.
- ix. Such other matters as may be prescribed.

7. *Necessary disclosure in company's annual report*

- The Boards financial report under sub-section (3) of section 134, shall disclose the composition of CSR committee, CSR policy and initiatives.
- Amount of expenditure incurred on Corporate Social Responsibility activities.
- Valid reasons in case of failure to spend the earmarked CSR budget.⁴³

43 <http://www.kpmg.com/IN/en/services/Tax/FlashNews/Highlights-Companies-Bill-12.pdf>

The idea of the new companies' bill was to give it a structure, a shape, regularize it in a way that it becomes formatted. We are following a principle of self reporting. I am very confident because the private sector, the corporate – they themselves want to build bridges with the community. I also think it helps them enhance their brand value and their presence in a very positive fashion. I am very confident that they want to come over and do it as long as there is absorptive capacity in the area to get the CSR done.” Mr. Sachin Pilot, Minister of State for Corporate Affairs (I/C), Gov.

Source - <http://timesofindia.indiatimes.com/business/india-business/It-is-probably-wrong-to-equate-lobbying-bribery-Sachin-Pilot/articleshow/17775849.cms>

Applying these criteria, a Business Standard analysis of balance sheets of BSE 500 companies showed some 457 will have to make provisions for spending. Based on the average of the profits, these firms will have to spend Rs6, 751 crore in the first year after the Act comes into force major government and non-government initiatives and on the other there is need to build on the expertise available with private sector. Together we need to reflect on the taxation regime of the country to facilitate the close collaboration between the both. Today it is not clear if private company allocates its CSR budget to voluntary sector, will it be treated at business. There are numerous small and medium sized companies who do not have infrastructure to implement their CSR projects, what taxation benefit they can get if they outsource their funds to voluntary organizations.⁴⁴

Models of voluntary sector and private sector partnership

There are many big business houses having CSR and they are working with the voluntary sector in solving social problems. With the help of the voluntary sector they have adopted various communities and opened schools and colleges for the underprivileged.

“The role of partnership could be defined by both the private and voluntary sector keeping in view the resources available and the need of the area. However resource mapping, community mobilization, organizing the beneficiary groups can be done by voluntary sector and facilitating capacity building of the communities in terms of productivity enhancement, skill up gradation and market linkages can be done by private sector.

Here we would be a bit careful in planning the programs by both the sectors. It must be need based and not be seen as charity or typical corporate philanthropy. Rather should be seen as handholding not spending out of charity. “

Interview of Hemnath Mishra , Bhaskar Foundation Dainik Bhaskar Group Initiative , Date - April 2, 2013

Through CSR corporate are able to expand their reach and are becoming more accessible to the people's needs. Many companies have realized that in order to be more profitable

⁴⁴ http://www.business-standard.com/article/companies/ongc-ril-top-list-of-potential-csr-leaders-113010200201_1.html

they are taking a lot from the planet in terms of resources, manual labor and setting up more industries. In the process of expanding it has also resulted in severe damage of societies in terms of degradation of environment, socio - economic disparity, health issues. This realization is making them more socially aware and responsible to integrate both business and development growth of the society and CSR is the best way to culminate their vision into action.

FICCI recognizing the CSR initiatives, cognizance of extent of Corporate Governance activities undertaken by the company should be taken into the account, FICCI feel that CSR must be differentiated from Corporate Governance. Corporate Governance is primarily addressed for protection of shareholder's interest through transparency of information and involvement of Independent Directors for effective functioning of the company, whereas CSR is an extra market activity beyond the primary goal of the business.

Examples of organizations that are increasingly adopting cross sector partnership approaches:

-Businesses such as: BP, Eureka Forbes, HSBC, J&J, McKesson, Microsoft, Nike, Nokia, Rio Tinto, Shell, Unilever and Vodafone, (as well as Accenture - one of the organizations working on the project);

-Global Voluntary sector such as: Care International, Earth watch, Mercy Corps, Oxfam and WWF, (as well as World Vision International - the organization that commissioned this project);

-International and national government agencies such as: GTZ, the US State Department, the World Bank and most agencies in the UN system;

-Innumerable local and national civil society organizations.

Source - <http://thepartneringinitiative.org/wp-content/uploads/2012/04/Emerging-opportunities-for-NGO-business-partnerships.pdf>

Given the voluntary nature of CSR FICCI feels that Chambers, Associations and the government, must APPEAL to businesses to engage in extra market activities with social economic and environmental good in mind. The throw put of CSR activity is better shareholder perception, lending moral standing beyond Corporate Governance to the companies. In fact, in the stock markets in the West, there are CSR indexed mutual funds, which have given a special interaction to companies, which conduct substantial and measurable CSR activities. This has also brought about a tripartite collaboration between voluntary sectors, corporate and different levels of Government to conduct activities for larger good.

Over last 20 years CSR has reached new frontiers some relating to conduct of business itself and other serving some elements of social needs, complimenting Government action; Central, State and local initiatives. CSR is an activity that is totally voluntary and does not fall within the ambit of law and regulations. If such compulsion is imposed on companies, FICCI fears that it may turn counterproductive as companies may resort to camouflaging activities to meet such regulations, particularly, during recessionary periods and economic downturns.

CSR activity must be an organic development, encouraged and motivated by the Government, Chambers of Commerce and Industry, Association Bodies, and the civil society. The

demonstrable example is the FICCI-Aditya Birla Centre for Excellence in Corporate Social Responsibility which promotes a wide range of CSR activities connecting the disadvantaged, under-privileged and discriminated through grass-root Voluntary sector or corporations own allocated work force.⁴⁵

- **Corporate Social Responsibility: A Case Study Of TATA Group**

Ranging from steel, automobiles and software to consumer goods and telecommunications the Tata Group operates more than 80 companies. It has around 200,000 employees across India and thus has the pride to be nation's largest private employer. Mr. Ratan N. Tata has led the eminent Tata Group successfully.

Tata Company shall be committed to be a good corporate citizen not only in compliance with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates with the objective of making them self reliant. Such social responsibility would comprise, to initiate and support community initiatives in the field of community health and family welfare, water management, vocational training, education and literacy and encourage application of modern scientific and managerial techniques and expertise.

Tata Steel spends 5-7 per cent of its profit after tax on several CSR initiatives.

1. Self-Help Groups (SHG's)- Over 500 self-help groups are currently operating under various poverty alleviation programs; out of which over 200 are engaged in activities of income generation thorough micro enterprises. Women empowerment programs through Self-Help Groups have been extended to 700 villages. From the year 2003 to 2006, the maternal and infant survival project had a coverage area of 42 villages in Gamharia block in Seraikela Kharsawa and a replication project was taken up in Rajnagar block. For providing portable water to rural communities 2,600 tube wells have been installed for the benefit of over four Lakh people.
2. Healthcare Projects- its 100th year, the Tata Steel Centenary Project has just been announced. The healthcare projects of Tata Steel include facilitation of child education, immunization and childcare, plantation activities, creation of awareness of AIDS and other healthcare projects.
3. Economic Empowerment-A program aiming at economic empowerment through improvised agriculture has been taken up in three backward tribal blocks in Jharkhand, Orissa and Chhattisgarh. An expenditure of Rs 100 crore has been estimated for the purpose and this program is expected to benefit 40,000 tribal living in over 400 villages in these three States.
4. Human Capital-Tata motors has introduced many scholarship programs for the higher education of the children. Through a scholarship program Vidyadhanam, the company supports 211 students. Out of these students 132 students are from the marginalized sections of the society. These students get books, copies and other study materials. They also undergo different kinds of workshops, creative & outdoor sessions and

⁴⁵ http://www.mca.gov.in/Ministry/latestnews/Corporate_Social_Responsibility_4Dec2009.pdf

residential camps as well. The company has entered into Public-Private Partnership (PPP) for upgrading 10 Industrial Technical Institutes (ITI) across the country.⁴⁶

- **Enhancing Business-Community Relations - WIPRO**

Wipro is a leading Indian IT services provider, whose programme, “Applying Thought in Schools” is aimed at ensuring children leave school equipped with skills which are demanded by today’s employers; the emphasis rests clearly on creative thinking and problem-solving.

Applying Thought in schools” is an example of how a business can involve itself in knowledge development and the enhancement of skills, which are important to both students and teachers. The development of any nation rests on the quality of its human resources, which form the cornerstone of a progressive and knowledgeable society. Quality education and training to encourage creativity and innovation is vital to achieving this aim. It is interesting to note that Wipro applies the same methodology of applying thought to its own in house training programme.

The association of an IT company with educational institutions can lead to mutually beneficial outcomes, as well as reaping wider benefits to business and society. Industry requires specific skills of qualified manpower and this could be possible only when the educational institutions provide the matching candidates to fulfill industry requirements. The matching of supply and demand for these skills can be aided by closer relationships between industry and educators. This is particularly important in the context of India, which has high levels of unemployed people lacking the skills desired by employers.

Wipro’s educational project does not guarantee them any direct benefits in return. This suggests that the company sees the benefits in the long rather than short-term - rather than as clients today, as potential employees tomorrow. Further, that there is considerable value in developing and harnessing the abilities of children, in a life-long learning process, to benefit society as a whole. The fact that the training is not free for schools suggests that the training is in demand. Schools need to add value into their lessons, and thus enhance the skills and capabilities of their students. The programme therefore works as a partnership, serving the objectives of all stakeholders - the company, schools, teachers, students, parents and society at large.

A company with broad vision can work effectively at a grassroots level. Direct involvement in educational schemes such as “Applying Thought in schools” can be an effective mechanism for successfully bringing about positive change and shaping the thinking of society.⁴⁷

- **ONGC Corporate Social Responsibility**

The 2009 CSR guidelines define ONGC’s role on corporate social responsibility emphasizing transformation of the organization from “Philanthropy” to “stakeholder participation”.

ONGC which has been given the status of a ‘maharatna’ by the government will be striving to get the same status in Corporate Social Responsibility, said A. A. Khan, Executive Director, and ONGC Rajahmundry Asset.

46 <http://iosrjournals.org/iosr-jbm/papers/vol3-issue5/D0351727.pdf>

47 http://www.worldvolunteerweb.org/fileadmin/docs/old/pdf/2003/031201_EBCR_IND_wipro.pdf

January 19, 2010 : Hemophilia Federation (India) (HFI) and Oil and Natural Gas Corporation (ONGC) have come together with a vision to transform lives of Children with Hemophilia (CwH) through education, with the formal launch of Project HEAT. The ONGC-funded and HFI-implemented Hemophiliacs Education and Transformation (HEAT) project will benefit 1000 CwH in its first year of operations.

Project HEAT - CSR Initiatives

Under HEAT, the voluntary sector would identify children from across the country that are schooling, between 5 and 18 years of age, and living below the poverty line. Further, HFI would also ensure regular project reporting after the project is successfully implemented. ONGC would support the project financially for one year, and plans to extend it further depending on the progress of Educational and Transformational impact.

“ONGC support is a milestone in the history of CwH of the country. With this, they will be able to dream, and see a silver lining in their hitherto-dark horizons. HFI is determined to execute the project successfully and educate even more children in the following years”, said a hopeful Dr Suresh Hanagavadi, President, HFI, while briefing about HEAT, one of HFI’s first of its kind projects. Earlier too, ONGC has come forward to support HFI in more ways than one.⁴⁸

- **GAIL -**

1. Literacy enhancement and empowerment

GAIL has attempted to address the issues of unemployability through skill development and vocational training programmes undertaken at several locations. Significant measures have been taken for the creation of livelihood opportunities and facilitating forums for effective empowerment and self-reliance. Empowerment of differently able and physically challenged persons has also been promoted through several means, such as providing them with necessary medical aids, equipment and infrastructural support. GAIL with the help of its implementing partners gives Training (Sewing & tailoring training) & Special education (procurement of computer based visual speech training equipment & Audio Visual Projector) for the Neglected Disabled children and backward people. GAIL with the aim of providing self-sufficiency in the lives of the differently able people distributes specialized motorized vehicle for making them self-reliant. With its project Padho-Badho GAIL envisages to mainstream at least 3000 rag picker children government schools through its Non formal Education Centers for out-of-school children .Emphasizing on women empowerment GAIL has started projects for learning for women empowerment against poverty and imparting training on stitching and carpet weaving.

2. Health care and medicine -

GAIL is up gradating of existing Telemedicine Centre, physiotherapy units as well as setting up a community hospital in the villages of U.P. Other small programmes that are carried out for the general awareness about health are the family planning camps, Eye-camps, health

⁴⁹ <http://csrworld.net/ongc-corporate-social-responsibility.asp>

awareness/T.B., Thalassemia, cancer detection camps, camps for physically handicapped persons (distribution of artificial aids and appliance) in the numerous rural areas where the organization has its existence. In the field of mobile connectivity, GAIL has supported various projects by providing ambulances, mobile health outreach programmes and distribution of medicines Nishulk Chikitsa Kendra, GAIL

As part of its routine healthcare programmes in communities around its townships and projects, GAIL has undertaken several healthcare projects like Reconstructive surgery for leprosy patients, Eye care cataract surgeries with IOL implants, Cancer screening camps, family planning camps, T.B. eradication programmes, malaria camps with treatment and free medicines and, health check up camps. GAIL's own hospitals & dispensaries in its townships extend medical care & treatment to the local villagers.⁴⁹

- **ITC Limited Corporate Citizenship**

Inspired by the overarching vision of making a contribution to the national goals of sustainable development and inclusive growth, ITC has innovatively crafted unique business models that synergies long-term shareholder value creation with enhancing societal capital. This commitment is reflected when ITC measures accomplishments not only in terms of financial performance but also by the transformation ITC has consciously engendered to augment the social capital of the nation. In ITC's 'Triple Bottom Line' approach of contributing to the economic, environmental and social capital of the country. Envisioning a larger societal purpose has always been a hallmark of ITC. The company sees no conflict between the twin goals of shareholder value enhancement and societal value creation. The challenge lies in fashioning a corporate strategy that enables realization of these goals in a mutually reinforcing and synergistic manner.

As a corporate citizen with enduring relationships in rural India, ITC has a history of collaboration with communities and government institutions to enhance farm productivity and the rural resource base. It's commitments in agricultural R&D and knowledge sharing have spanned vital aspects of competitiveness - efficient farm practices, soil and water management.

ITC is committed to a national agenda of raising agricultural productivity and making the rural economy more socially inclusive. It believes that the urgency and scale of these tasks make market linked solutions and innovations more effective and sustainable than capital intensive approaches.

1. Integrated Watershed Development - Recognizing the vital role that role plays in the rural economy, ITC promotes watershed projects in water stressed areas providing precious water resources for agriculture and rural communities and livestock. Based on a participatory approach, the programme facilitates building, reviving and maintaining water harvesting structures as well as management of water resources to reverse land degradation, provide critical irrigation and increase agricultural productivity.

The phenomenal example of this was the Ranjangaonara near Pune district in Maharashtra, it was under severe draught during kharip season of 2009 with virtually no rains in the project area, farmers and cattle were adversely affected. ITC's watershed programme became the

49 http://www.gail.nic.in/final_site/literacy.html

only source of livelihood for more than 350 farmers who participated daily in the work.

In another first of its kind agreement in the country, ITC signed MOU with the government of Maharashtra to implement NREGA in 2 blocks of Jalna district on an integrated watershed programme basis covering 50 villages.

2. Women's empowerment

ITC's initiative provide sustainable economic opportunities to poor women in rural areas by assisting them to form self help groups that enable them to build small savings and finance self employment and micro-enterprise. The programme has demonstrated that extra incomes in the hands of women lead to positive changes in human development since it is largely invested in children's education, health and nutrition.

The total turnover of women managed micro enterprises was Rs. 61.14 lakhs, the bulk of which was accounted by the sale of raw agarbatti.⁵⁰

- **CSR initiatives of Citi India**

1. Sustainable Livelihoods for Rural Producers Program

The grandeur of the mighty Himalayas is enticing but for those living in the remote hill villages of Uttarakhand, earning a living is very challenging since agriculture is labor intensive and offers meager returns. As male members of the family migrate to cities to supplement the family income, it is the rural women who form the backbone of the mountain economy. Women are therefore increasingly seeking alternate income generating options that are not labor intensive and generate higher returns.

To enhance the economic development of this terrain, Citi has joined hands with Appropriate Technology India (AT India), a non-governmental organization that works with mountain communities in Uttarakhand, offering them innovative alternatives to subsistence agriculture. The focus is on sericulture, cultivation of certified organic spices, beekeeping and honey production. Each of these activities has been selected keeping in mind the existing skills of the community and their balance with the critical mountain ecosystem.

This Citi funded program supports the livelihood of rural producers, mostly women. It empowers women entrepreneurs engaged in the production of silk, honey and organic spices by providing intensive capacity building, microfinance and market linkages. This program augments their household income and investment capacity to make their micro enterprises sustainable.

- **CSR Activities of Indian Oil Corporation Limited**

At Indian Oil, corporate social responsibility (CSR) has been the cornerstone of success right from inception in the year 1964. The Corporation's objectives in this key performance area are enshrined in its Mission statement: "To help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environment conscience."

As a constructive partner in the communities in which it operates, Indian Oil has been taking concrete action to realize its social responsibility objectives, thereby building value for its

50 <http://csrworld.net/itc-limited-corporate-citizenship-page-2.asp>

shareholders and customers. The Corporation respects human rights, values its employees, and invests in innovative technologies and solutions for sustainable energy flow and economic growth. In the past five decades, Indian Oil has supported innumerable social and community initiatives in India, touching the lives of millions of people positively by supporting environmental and health-care projects and social, cultural and educational programmes.

Every year, Indian Oil sets aside a fixed portion of its profits for spreading smiles in millions of lives across the country through a comprehensive community welfare and development programme. About one-fourth of the community development funds are spent on the welfare of Scheduled Caste and Scheduled Tribe beneficiaries.

Indian Oil has a concerted social responsibility programme to partner communities in health, family welfare, education, environment protection, providing potable water, sanitation, and empowerment of women and other marginalized groups. It has always been in the forefront in times of national emergencies. Its People have time and again rallied to help victims of natural calamities, maintaining uninterrupted supply of petroleum products and contributing to relief and rehabilitation measures in cash and kind.

As part of its environment-protection initiatives, Indian Oil has invested close to Rs. 7,000 crore in state-of-the-art technologies at its refineries for production of green fuels meeting global standards. To further reduce dependence on precious petroleum products and secure the nation's energy security, the Corporation is now in the process of commercializing various options in alternative fuels such as ethanol-blended petrol, biodiesel, and Hydrogen and Hydrogen-CNG mixture⁵¹

Analysis

From the study it can be inferred that there are lot of dynamics attached to this complex relationship between the private sector and voluntary sector. This complex relationship can be simplified if the motive behind it is towards a larger goal and not just for short term benefits.

Through this study we can analyze there are many different forms of partnerships that take place at various levels ranging from small and medium businesses working with local community organizations, to large corporate organizations working with foreign localized non-profits or big international voluntary organizations. This is a relatively new trend that has only recently been receiving attention.

The trend that corporate have been following is to make products and gain profit out of it. Sometimes corporate just want to write cheques and give it to the voluntary sector and voluntary sector also thinks this is the best option. Though financial support is also needed to meet the resources but for both of the sectors to make the engagement more meaningful it is essential to go beyond cheques and not just be a financial partnership. It's time that the voluntary sector forces the corporate sector to think how the money and resources can be used, for what purpose, and what the future impact can be. These indicators can help corporations develop a strategic plan for a concrete vision, which will be beneficial for society.

51 <http://www.iocl.com/Aboutus/corporatesocialresponsibility.aspx>

It's time the corporate sector gives back to society not just to enhance its own brand image but by being socially responsible to communities. We can slowly but steadily see this change.

There are different kinds of corporate-large, medium and small just the same way there is categorization of voluntary sector. So if heading towards a partnership mode the first and foremost aspect is that the value system, ideologies match between the two sectors. There are certain non-negotiable morals, which can't be compromised so if the other partner also has an understanding, sensitivity and a common objective then the relationship between the two sectors can be smoothly taken forward. The partnering process requires the development both within the voluntary sector and the private sector of creative linkages and more appropriate and responsive organizational capacities.

The voluntary sector can mobilize their constituents into a coherent force, by guiding the private sector to do the right thing and guiding them to be morally correct in the interests of the voluntary organization's objectives. In order to achieve this, the voluntary sector will need to reject the idea that business does not matter and pragmatically take on board the potential of the voluntary sector role in manipulating capitalism for the global good. The voluntary sector generally undervalues its powerful potential. It's time they use their credible assets of legitimacy, their access to information, vision and expertise. They require willingness to be educated in a new way, and it is time they reject stereotypes, not their core principles and identity.

It will be too idealistic and utopian to suddenly expect an increase in the quality of voluntary-private sector partnerships towards a holistic development. There are a lot of organizations in both the sectors who are reluctant and skeptical to partner with each other as still both the sectors are dealing with the issue of trust and transparency. So there is a need to get more businesses interested in voluntary sector. This can be achieved to a great extent by helping voluntary sector sell their agendas and capabilities to business.

It's time the voluntary sector start changing their strategy, moving towards joint innovation and doing business together as co-investors. It is required for voluntary sector to learn how to speak business language and frame opportunities for corporate engagement. They have to still learn to negotiate, how to present themselves more attractively so that their worth and efforts can be recognized by corporations. They need to do a better job in communicating their value proposition that business understands, and business needs to be more receptive to listening to, and working with voluntary sector.

This is the best time for partnership where both the sectors can set a clear-cut agenda on their future collaboration. It is time they take their relationship forwards and have a long-term association keeping a macroscopic vision in mind. Both voluntary sector and private sectors have their own distinct qualities. Voluntary sector organizations have skills but no resources whereas corporate don't have skills but resources so there is a natural match that these two sectors come together and work. If put together the distinct attributes of both the private and voluntary sector, they can work wonderfully and it can be a start to tackle the complex social problems.

Though the road is long, there is a sense of awareness prevailing in both the sectors and there is also change in mindsets to work with each other. This is an optimistic commencement towards an innovative start.

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