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Organizing for Success on Corporate Responsibility: The Path to High Performance

Accenture-FICCI Report

High performance. Delivered.

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Content

Message

Rajashree Birla
Chairperson FICCI CSR and Community
Development Committee

The Companies Act 2013, the first of its kind in the world, redefines the landscape of the Indian social sector, heralding a new era on the path to inclusive growth. Even as many companies have been reaching out to the under privileged since decades, driven by the trusteeship concept, there are several organisations that have not been engaged in the Community Development space.

With CSR becoming mandatory organisations that have now to foray into this domain, naturally have concerns. They are unsure on its implementation, the processes to be followed, the documentation and the way forward. Listening to their voice and sensing the major issues that come to the fore, since the introduction of the Act, FICCI has been working systematically, explaining the implications of the Companies Act simplifying its comprehension and according support. Against this backdrop FICCI and Accenture teamed up to produce this significant report titled "Organizing for Success on Corporate Responsibility: The Path to High Performance".

It addresses issues faced by companies that are in the forefront of the CSR movement as well as the entrants in the context of the Act. A worthwhile guide on the CSR trajectory, it outlines critical steps to develop a CSR strategy and the formulation of the related policy. The identification of key building blocks for CSR programs is a helpful tool. Most importantly it walks the CSR practitioner through a five part framework, guiding him / her step by step. Net net it gives useful pointers to steer organisations to become increasingly sensitive towards the underserved sections of society. In doing so organisations can help usher in inclusive growth. We owe it to ourselves, we owe it to the nation.

Dr. Jyotsna Suri
President Elect, FICCI and
President FICCI-SEDF (Socio Economic
Development Foundation)

The concept of Corporate Social Responsibility is not entirely new to Indian Industry. However, in year 2014, the concept of CSR has been brought to the forefront through introduction of CSR provision in The Companies Act 2013. FICCI, as an industry body has been playing an active role in channelizing this process by working with the industry, government and credible civil society organizations for creating a positive policy environment and CSR processes.

In the year 1995, much before CSR became obligatory, FICCI had set up Social and Economic Development Foundation (FICCI-SEDF) as not-for-profit organization for FICCI to take up issues of social cause. In the current context, FICCI-SEDF is working as an aggregator for implementation of high impact projects that are scalable and replicable.

Given the context, the release of this report is well timed. The report not just simplifies the overall understanding of Corporate Responsibility Landscape but also provides an impetus to industry for carving out well defined action plans.

I am grateful to the industry members for sharing their vision and experiences in the area of CSR. I would like to specially thank the FICCI Young Leaders Committee for providing valuable inputs in bringing out this report and our knowledge Partners "Accenture" for contributing considerably towards implementation via consultative approach. I also appreciate FICCI Secretariat's efforts in facilitating this initiative.

Foreword

Shaifalika Panda

Co-Chair, FICCI Young Leaders Forum
CEO, Bansidhar & Ila Panda Foundation

FICCI
Young Leaders

A nation is said to be truly progressive only when it has an equitable society and, in order to do so, all stakeholders must pursue inclusive growth. It requires a multi-sectoral approach by diverse stakeholders to bring about collective impact to tackle critical issues which affect our future. I hold this belief after several years of involvement with Corporate Social Responsibility efforts through the Bansidhar & Ila Panda Foundation.

The mandate in the new Companies Act, 2013 to spend two percent of an organisation's profit on CSR has been a hot topic of discussion ever since it came into the public domain. While intense debates have taken place on how to best use these resources, it is social innovations that will ensure economic gains for every individual in society. Indeed, "benefiting all" is one of the most widely accepted definitions of CSR.

As organisations struggle to gain clarity on how to respond to the new mandate, I would urge them to view this as a time for introspection and evaluation. This is their opportunity to move away from a narrow vision of CSR to a broader vision of 'Corporate Responsibility' comprising actions that will help create a people and planet friendly business environment thereby enabling generation of socially responsible profits. A holistic view of corporate responsibility will usher in innovations, collaborations and organisational transitions that will not just make corporations commercially and socially viable in future but also provide the much needed external thrust in augmenting government's effort in achieving social goals.

I believe that an organisation's responsible behaviour begins at the top. The Board and senior management must take up the corporate responsibility agenda and align it to business strategy. They should look to implement sustainable, scalable and symbiotic interventions through strategic partnerships.

It is also crucial to acknowledge that corporate responsibility initiatives do not conform to a 'one size fits all' approach. Each organisation will approach this issue in ways which will vary depending on the nature of their business model and operating strategy and, perhaps most importantly, the nature of their stakeholders.

This study is intended to encourage companies to realign themselves, move away from cheque book philanthropy and embrace their obligation as a corporate citizen in order to maximise the return on their corporate responsibility investments. I hope my fellow leaders will find this study useful as they begin or evolve their corporate responsibility journey.

I would like to take this opportunity to thank all the organisation heads, senior leaders and executives who spared their valuable time to make this study possible; it would certainly not have been as enriching without their participation and contribution.

I thank FICCI, Accenture and the FICCI Young Leaders Project Steering Committee members for their role in making this research initiative a success.

Sanjay Dawar
Managing Director and India Lead,
Accenture Strategy

As business, government and civil society seek clarity on the legislative implications of The Companies Act 2013, businesses have the opportunity to actively shape the nation's economic destiny through their CSR initiatives.

To acquire a first-hand view of how they perceive this opportunity, we conducted 30 in-depth conversations with senior leaders from companies and civil society organizations, and we also surveyed 20 companies. We learned that most large and medium-sized companies are viewing CSR initiatives as their contribution to the developmental agenda of the society, rather than simply as efforts that grant them a "license to operate."

We also discovered that companies of all sectors and sizes are coming to realize that they need a specialized function to manage their CSR agenda and partnerships. They have started moving away from using human resources or corporate communications to manage CSR initiatives as a supplementary activity. Finally, we found that businesses have a broad mix of views on how to execute their strategies, depending on their degree of comfort and trust with partners. Many organizations were keen to understand how they could consistently generate high-impact CSR actions.

Since promulgation of the CSR Rules 2014, the government has been proactively expanding the list of activities that would classify as CSR under the Act. These inclusions are creating a firm ground for corporations to move beyond the bylanes of corporate social responsibility to a wider, well-paved highway of corporate responsibility. The difference between the two is more than the word "social." In distinction from CSR, corporate responsibility means building environmentally friendly, people-sensitive, safe and ethical businesses that are also capable of generating socially responsible profits.

In the short run, a large section of businesses in India will continue to focus on building their CSR muscle. At the same time, we strongly believe that they will embrace the CR paradigm, as they bridge capability gaps and gain experience on the way.

But, such outcomes will be possible only if companies consciously organize themselves to consistently deliver high-impact CSR and simultaneously become ready to engage with actions being covered under the larger umbrella of corporate responsibility. How can they achieve these goals?

To help companies answer this question, we have developed the High Performance Corporate Responsibility (CR) Framework. This framework is unique. It provides actionable insights to companies for organizing themselves towards: (a) conceptualizing, designing and delivering CSR; and (b) seamlessly transitioning from CSR to CR. It guides them through all possible requirements and options—from vision and strategy to operating model, capabilities and culture. Our study also features case studies of organizations that are already blazing a trail for others to follow.

We hope that this rich, authentic and firsthand voice of companies can help business leaders to articulate a new set of CR priorities.

On behalf of Accenture, I'd like to thank Shaifalika Panda for leading this entire initiative very actively and with passion. I also thank all those executives who gave their valuable time to participate in our study. I would also like to take this opportunity to thank FICCI and the project steering committee for their support and guidance. I hope you find this report informative and useful, as you consider how best to execute your corporate responsibility strategies in the coming year and beyond.

Acknowledgement

We are hopeful that this paper would be put to utility for the welfare of the industry at large and would help in ensuring smooth corporate responsibility practices in the country.

This report cites numerous examples of initiatives taken by organization towards social, environmental and related causes. Such examples may or may not exactly come under ambit of the new Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules 2014 issued thereunder (further referred to as 'CSR Rules 2014'). Therefore, companies are advised to consult their respective legal teams to ensure that initiatives they are planning to undertake are aligned to the requirements of the Act and CSR Rules 2014.

Executive summary

With the passage of the Companies Act 2013, Indian businesses must now add corporate social responsibility (CSR) to their performance dashboards. The Act requires Indian companies having a turnover of Rs. 10 billion (Rs. 1000 crore or approximately USD 161.3 million[#]), or more, or a net worth of Rs. 5 billion (Rs. 500 crore or approximately USD 80.6 million) or more or a net profit of Rs. 50 million (Rs. 5 crore or USD 8 million) to allocate 2 percent of their average net profit in the preceding three years, on CSR initiatives.

About Rs. 200 billion (roughly US$ 3.2 billion)[#] could be unlocked from a pool of around 16,000 companies towards CSR spending during 2014-2015.

The legislation presents several critical opportunities for Indian companies to not only strengthen their CSR efforts but also shape India's economic future and their own competitiveness. Specifically, Indian businesses can:

- Use CSR projects to develop talent needed in their industry;

- Transform CSR collaborations into cost-efficient yet game-changing innovation platforms;

- Turn CSR initiatives into open, immersive learning centers for employees and leaders;

- Make CSR a source of capital to address neglected areas of national interest, such as treatment-resistance diseases, infant mortality and livestock productivity.

Unlike a decade ago, businesses can now draw on the expertise of various stakeholders in a maturing CSR ecosystem. Startups in the field of education and healthcare can be leveraged to deliver cost-effective technological solutions to help scale CSR activities. Organizations capable of providing specialized CSR advice to civil society organizations and businesses are now widely available.

In-depth conversations with 30 senior leaders from companies and civil society organizations were conducted to understand the industry response to this changing CSR environment; this was complemented with a survey of 20 companies. These discussions highlighted a range of concrete challenges being faced by companies of various sizes. We found corporations having more questions than answers in key areas like CSR-partnerships, efficiency, scalability and CSR-impact. But at the same time, these discussions revealed the growing understanding within businesses towards leveraging CSR as a platform to initiate actions benefiting their business as well as the nation.

[#] Exchange rate of 1USD = Rs. 62 utilized for the calculations in the executive summary

From corporate social responsibility to corporate responsibility

Indeed, such nuanced understanding coupled with a continuing expansion of the list of activities that would classify as CSR under the Companies Act, 2013, stands to facilitate sustained injection of funds into initiatives going beyond the traditional "social" dimension of corporate social responsibility.

Businesses can therefore focus their attention towards two areas simultaneously: (a) drive their respective CSR programs with greater impact; (b) build an organization capable of transitioning from the bylanes of corporate social responsibility to a wider, well-paved highway of corporate responsibility.

Corporate responsibility (CR) includes social as well as environmental and financial responsibility. It encapsulates actions companies take to build an environment friendly, people-sensitive, safe business capable of generating socially responsible profits. A responsible corporation, while generating viable livelihood opportunities, will also be conscious about the impact of such actions on natural resource systems where communities reside; it will also think about ways of preserving the community's heritage and culture; and if required it will even create the necessary community infrastructure, thereby delivering more holistic and harmonious change leading to better financial sustainability of the organization. Commitment to environment, ethics and governance no longer remain a compliance issue for a responsible corporation, they become a part of its DNA.

Our discussions with senior executives of companies reveal that in the short run, CSR will continue to dominate the CR journey of many corporations operating in India, largely due to limitations in the area of talent and institutional capabilities. Although in the long run, gaining from their experience, such companies will steadily embrace the CR paradigm.

The key question therefore is how can companies organize themselves to conceptualize, design and deliver CSR and simultaneously start readying themselves to seamlessly transition from CSR to CR.

We have developed a unique framework that we believe can help organizations achieve these two tasks. Our analysis of high performers suggests that each company must define its own path of transitioning from CSR excellence to CR excellence. However, the High Performance Corporate Responsibility (CR) Framework can guide executives along the way.

CR excellence: A five-part framework

The framework comprises five key components, basis the assumption that CSR is a sub-set of CR, making the framework more forward-looking and comprehensive.

CR vision

High performers define a clear, compelling vision. The best vision statements identify broad areas capable of generating a holistic impact and are seen as realistic and achievable. Such vision statements, as we see, provide organizations an opportunity towards carrying out the CSR to CR transition. Such visions have depth, but also are sufficiently broad, enabling a company's top leaders to excite the imaginations of partnering organizations and employees as well as communicate to key stakeholders, the commitment to long-term, holistic change.

Operating footprint and differentiation strategy

High performers have a very clear understanding of their operating footprint. An operating footprint is defined by:

- Geography of operation— such as village, district, state, region or nation;
- Area of impact—such as healthcare, climate change, heritage preservation;
- Key beneficiaries—for instance, members of a local community;
- Partners—including community leaders, nonprofits and startups;
- Type of value created—for example, pure social value or indirect business value.

A carefully-thought out CR operating footprint helps company leaders realize their CR vision by communicating key information to stakeholders, such as who the intended beneficiaries of a CR program are and how the company's CR goals can create value across stakeholders.

While having a clear operating footprint, high performers strive equally to differentiate themselves from others at three levels:

- scale of positive impact
- sustenance, or the degree to which the company remains engaged with beneficiaries to build trust and confidence
- symbiosis, in the form of mutually beneficial relationships the company builds with partners and beneficiaries.

Distinctive capabilities

Delivering on the inclusive and holistic promise associated with CR initiatives demands partnerships and collaboration. To activate their CR operating footprint and execute their differentiation strategy, companies must develop four distinctive capabilities:

- **Value co-creation**—collaborating with beneficiaries, partners such as NGOs and technology incubators, and even competitors, and crowdsourcing to bridge the talent and imagination gaps towards delivering distinctive forms of value.
- **Win–win relationships**—constructing partnership models delivering forms of value that each partner wants (such as recognition from beneficiaries for NGOs, entry into new markets for product or service innovators).
- **Collaborative organizational architecture**—defining roles and creating communication channels that encourage the multidirectional, easy flow of information throughout the organization and with external stakeholders to stimulate generation of CR ideas.
- **Operational excellence**—tapping into CR-ecosystems (comprising businesses, government, beneficiaries, NGOs, academic institutions and other players) to generate scalable, sustained actions delivering desired impact.

Performance culture

By crafting a CR performance culture, companies establish internal systems and processes for unleashing a passion for and commitment to CR programs throughout the organization. Such a culture further provides the fuel a company needs to keep moving toward its CR vision and strategy, despite the inevitable challenges and setbacks. Like the other components of the CR High Performance Framework, performance culture has several crucial processes.

CR high performers are seen to:

- **Drive top leadership commitment**—exhibition of genuine commitment for social value creation at the topmost level in the organization to transmit a clear message to employees that being socially responsible matters.
- **Institutionalize effective CR coaching**—consistent advice and guidance from the board or external, experienced CR teams to help top leaders avoid common mistakes.
- **Design consistent and compassionate impact measurement methods**—construction of the right performance metrics for assessing CR initiative impacts, whether those impacts are tangible (quantitative) or intangible (qualitative), and using the metrics to analyze progress and make midcourse corrections as needed.
- **Invest in recognition and communication**—creation of recognition schemes that reward employees for outstanding CR behaviors, practices and accomplishments, and leveraging a wide range of communication channels to help employees understand social, environment and other objectives of CR initiatives and ways to get involved.

Enabling environment

Companies stand a better chance of delivering a differentiated CR impact if they strengthen their enabling environment, which comprises key external stakeholders. Examples include financially supporting innovation centers, conducting contests that encourage problem solving and identifying startups that may be a source of fresh ideas and technologies or products that could support CR efforts.

To further strengthen the enabling environment, companies can collaborate with government. Companies can leverage governmental scale, infrastructure to successfully execute their own CR programs.

Clearly, all the above will involve considerable change—both within and outside a business's walls. But the upfront investment will be well worth it. By adopting a disciplined approach to making the necessary organizational changes, companies can make an unprecedented contribution to India's future while becoming more responsible to their stakeholders and society as a whole.

Chapter 1
CSR: A transformational opportunity

With India's passage of the Companies Act 2013, Indian businesses must now add corporate social responsibility (CSR) to their performance dashboards. While CSR practices are not new to many companies, the Act brings more Indian businesses into the fold and exponentially expands enterprises' predictable allocation of funds to CSR activities.

Under this Act, any Indian company having a turnover of Rs. 10 billion (Rs. 1000 crore or approximately USD 161.3 million[i]), or more, or a net worth of Rs. 5 billion (Rs. 500 crore or approximately USD 80.6 million) or more, or a net profit of Rs. 50 million (Rs. 5 crore or USD 8 million) or more, must spend 2 percent of its average net profit in the preceding three years on CSR initiatives.[ii] The law also applies to foreign companies doing business in India. The CSR Rules 2014 for implementing the new law came into effect on April 1, 2014. The Act lists out a set of activities eligible under CSR such as: promotion of education, eradication of extreme hunger and poverty, combating HIV-AIDS, malaria and other diseases, reducing child mortality and improving maternal health, employment enhancing vocational skills, and such other matters as may be prescribed in future.[iii]

Businesses meeting the above-mentioned criteria must create a committee dedicated to undertaking CSR initiatives in areas spelled out by the government. This committee has to frame and implement a CSR policy in accordance with the Rules. A company's board of directors will also need to play an active role in CSR initiatives, including identifying required activities, approving policy and disclosing details about the initiatives in board reports and on the company's website. Surplus funds from CSR projects cannot be designated as part of a company's profit. The Rules specifically exclude contributions or donations to political parties to be included under the definition of CSR.

Rs. 200 billion: CSR spend to begin with

According to the Indian Institute of Corporate Affairs (IICA), about Rs. 200 billion (roughly US$ 3.2 billion) could be unlocked from a pool of around 16,000 companies for CSR spending during 2014-15.[iv] *(See Figure 1)* [v]

This equals the central government's total allocation to provide mobile connectivity to 50,000 villages, which wireless telephony has yet to touch.[vi] By another measure, CSR-budgets that stand to be unlocked during the current fiscal, tantamount to 80 percent of the total budgetary allocation toward the fertilizer subsidy bill for 2014–2015.[vii] Given that companies' CSR spending will be pegged to their past three years' net profitability, the CSR budget nationwide will likely increase in the future, assuming that business profitability will register a healthy growth in years to come.

Figure 1: CSR budgets in India
CSR initiatives in Indian companies stand to benefit tremendously, thanks to significantly more predictable spend

CSR budget (Rs. Million)	No. of companies
Up to Rs. 5	13,346
Rs. 5-10	1,196
Rs. 10-50	1,186
Rs. 50-100	182
Rs. 100–200	79
Rs. 200–500	43
Rs. 500 or more	25

One million = 0.1 Crore
Source: IICA (2013), "Corporate social responsibility: The new game changer."

New opportunities: Using CSR to shape India's economic future

For the first time in India, CSR has become a concrete resource allocation platform backed by legislative support. The new law presents several opportunities for Indian companies to not only strengthen their CSR efforts but also shape India's economic future and their own global competitiveness. It also provides businesses to go beyond simply following international standards and guidelines as mere compliance requirements. *(See Annexure-1)* Below, we take a closer look at these opportunities:

Opportunity 1: Use CSR initiatives to build industry-friendly talent pools

India's ability to harness the advantages of its demographic dividend will decide its economic destiny. The window of opportunity represented by that dividend will be available largely until 2040. Studies by India's National Sample Survey Organisation (2009-2010) suggest that around 290 million additional workers will need to be trained by 2022 to achieve India's national skills-development targets.[viii] This is a mammoth task, given the existing capacity of the country's training systems.

The CSR Rules 2014 allow companies to contribute CSR funds to activities aimed at strengthening vocational skills that will make workers employable. Businesses making the most of this opportunity can help create talent pools for the future. Established business houses have already started making an impact in this area. *(See Sidebar: Building future skill pools: Private sector intervention)*

Following lead of exemplars, or collaborating with them, smaller companies in industry clusters can pool their CSR funds to develop online courses and virtual simulators, stored in a public cloud, to help young people strengthen their technical skills and acquire professional certifications; for instance, in lean manufacturing, six sigma, machine repair or machine servicing. Such moves would not only build a talent pool for various sectors but also create digital technology infrastructure that companies could use for other projects — a spillover benefit. Moreover, individuals who take advantage of such training will be more likely to find jobs and spend at least part of their income on goods and services, creating more stable economic demand.

Opportunity 2: Transform CSR collaborations into cost-efficient yet game-changing innovation

India has a significant resource that it has yet to fully tap: the innovation potential of its people. Just as political democracy can lift nations by building on the combined ideas of their citizens, "democratized" innovation can lift countries' economic systems and spur sustained, profitable growth for companies.

The good news is that young people in India are ready to take part in the nation's innovation journey. In a survey by Accenture and the All India Management Association of 1,000 Indian students, 74 percent of respondents said they would like to contribute to innovations that improve products and services available in the market. And 43 percent said that a key motivation for sharing innovations was to help people benefit from their ideas.[ix]

Businesses across sectors must harness this growing interest among young people in creating new forms of value for themselves and the nation. The CSR Rules 2014 provide a way to do so. The Rules permit enterprises to contribute CSR funds to technology incubators in academic institutions approved by the central government. In close collaboration with such incubators, companies can foster the creation of flexible and open innovation labs capable of launching game-changing technologies with lower upfront investment. These labs could help solve the nation's problems and serve as a base for affordable innovations that industry players can draw on to drive profitable growth.

Building future skill pools: Ensuring long-term competitiveness

Direct interface with customers (B2B and B2C) and markets provides businesses a first-hand insight into skillsets to be acquired towards enhancing enterprise competitiveness. Businesses are therefore best placed to transform talent pools into market relevant skill pools to boost long-term competitiveness of their operations and nation as a whole. Recognizing this, a number of leading companies have already started engaging with this process leveraging the power of collaborations.

ICICI Academy for skills

The initiative – ICICI Academy for Skills – focuses on imparting vocational skills to the youth and creating a direct impact by enabling livelihood. The Academy aims to train 25,000 youth across the country by the year 2016. The Academy is targeting youth between the ages of 18 to 26 at two levels: those who drop out of the formal education system after Class VIII and those who have completed Class XII/graduation. The courses currently offered are: electrical & home appliance repair, refrigeration & air conditioning repair, pumps & motor repair, central air-conditioning, retail café operations and paint application techniques for Class VIII educated youth and selling skills, office administration and web designing for graduate and undergraduate youth. These courses are being offered in partnership with industry leaders in their respective domains.[x]

Larsen & Toubro (L&T)

L&T Construction promotes construction vocational training in India in a professional manner through Construction Skills Training Institute (CSTI) and turns out significant numbers of trained workers. CSTI has been set up at Chennai and Panvel near Mumbai with permanent infrastructure and training facilities.

In order to meet the demands of world-class standards, CSTI has entered into an MOU with Henry Boot Training Limited and the Construction Industry Training Board of UK for the development of modular training. At present, basic training is imparted in seven trades - Formwork Carpentry, Masonry (brick work), Bar Bending and Steel Fixing, Plumbing & Sanitary, Trade Assistants, Welding and Electrical Wiring.

To meet the ever-increasing demand for trained workmen for site operations, CSTI has opened four more Training Institutes in Ahmedabad, Bangalore, Delhi and Kolkata.[xi]

Tata Motors

Tata Motors has signed a memorandum of understanding (MoU) with the National Skill Development Corporation (NSDC), under the 'Udaan Scheme' for its "Tata Motors Certified Works Manager" programme. 'Udaan' is a special Industry Initiative for Jammu & Kashmir (J&K) envisaged as an industry led programme, wherein corporates will tap into the large pool of educated youth of J&K and provide them training to make them employment ready. The MoU between Tata Motors and NSDC has been signed to explore training and employment opportunities for graduates, post-graduates, three-year engineering diploma holders and professional degree holders of J&K, through a collaborative action oriented agenda.

Recruiting fresh graduates from engineering colleges of Jammu & Kashmir, Tata Motors Certified Works Manager Scheme will provide skilled youth with employment opportunities across Tata Authorised Service Stations (TASS). Trained by Tata Motors for 6 months at National Institute of Technical Teacher's Training and Research Bhopal/Amity Noida and at Tata Motors STC (Service Training Centres), these graduates are to be placed at Tata Motors dealerships as Assistant Works Managers.[xii]

Opportunity 3: Turn CSR initiatives into open learning centers for leaders

Indian businesses have expanded their national, regional and global footprint vigorously in the last decade. To manage expansionary growth within and beyond the nation's borders, companies need visionary leaders who can manage large multicultural teams and foster collaboration among a diverse range of stakeholders.

CSR initiatives can serve as an immersive platform for top management teams to test and grow managers' leadership skills in a multicultural, challenging environment. New kinds of organizations in the CSR-space are getting ready to facilitate this effort. *(See Sidebar: Social Venture Partners: The immersive value creators.)*

Opportunity 4: Make CSR a driver of capital formation in neglected areas of national interest

India is a fast-growing emerging economy but also faces numerous human development challenges. These include maternal health problems; infant mortality; and intractable diseases such as malaria and tuberculosis.

Take maternal health. India and Nigeria accounted for one third of global maternal deaths in 2013. An estimated 50,000 maternal deaths occurred in India in 2013. Although India has been able to substantively reduce its maternal mortality rate, India runs the risk of missing the MMR-target set under the auspices of the Millennium Development Goals. While the government is launching extensive interventions, it is evident that more efforts need to be taken to achieve the desired MMR-targets. The CSR Rules 2014 provide an opportunity to corporations to work with public agencies and help the nation achieve the desired MMR-targets.

Another classic example of a neglected area of national interest is tuberculosis (TB). Globally, prevalence of TB in those without HIV/AIDS was 160.2 for every 100,000 people in 2013. In India, the number was 275.3 for that same year. Equally disturbing, India is now home to the highest number of multi-drug-resistant TB patients.[xiii] As noted by the World Health Organization (WHO), in India, domestic funding allocated in 2013 to fight TB was lower than the amount available in 2012.[xiv]

The CSR Rules 2014 allow enterprises to contribute CSR funds to programs aimed at combating HIV, acquired immune deficiency syndrome, malaria and other diseases. While companies such as Eli Lilly serve as examples for other pharmaceutical companies to leverage CSR funds towards funding early-TB discovery efforts aimed at finding new treatment options,[xv] businesses in general can also help, by contributing to programs such as Open Source Drug Discovery (OSDD), promoted by the Council for Scientific and Industrial Research (CSIR). For example, the Sir Dorabji Tata Trust has awarded a grant to enable the CSIR to operate the TATA CSIR-OSDD Fellowship program. The program aims to encourage students and young researchers to use crowdsourcing to generate ideas for drugs that can address neglected diseases like TB and malaria.[xvi]

Social Venture Partners:
The immersive value creators

An increasing number of businesses, high-net-worth individuals and mid-tier professionals want to contribute to societal growth through active engagement. These organizations and individuals have significant resources and experience and are no longer interested in "cheque philanthropy." They are ready to play a far more active role in shaping growth trajectories of institutions and accelerating social change.

But many such organizations and individuals face challenges:

- Awareness deficit: They have difficulty identifying the right candidate or partner for sharing their resources.

- Action deficit: They risk making incremental contributions to the process of social change. As a result, they may never be able to deploy their experience and knowledge to benefit their partners.

This is where an organization such as Social Venture Partners (SVP) becomes highly relevant. With a mission to support 1 million livelihoods and create 1,000 new "venture philanthropists" in India by 2020, SVP invests in collaborative solutions – building powerful relationships to tackle communities' social challenges. Several Social Venture Partners organizations are currently being seeded in the cities of Bangalore, Chennai, Delhi, Mumbai and Pune.

In the words of Ravi Venkatesan, Chairman (India) SVP, "Philanthropy in India has traditionally meant writing a cheque either to a religious organization or an NGO. It needs to evolve. We need to build the capability of institutions that are sustainable and capable of driving systemic change."

SVP is the largest network of engaged donors and has more than 3,000 partners across the globe. By combining human and financial capital in each chapter, SVP donors make powerful investments in non-profits to help them scale efforts to address the most entrenched social problems. As a result, they make a more meaningful impact collectively than any one organization could make individually.

The organization's unique value proposition lies in its operating model of "venture philanthropy," whereby SVP and its partners forge cohesive and collaborative relationships. SVP helps donors manage their contributions, guiding them in defining their objectives, channels and impacts. Organizations and individuals bring in their skills and expertise to add value to the initiatives supported.

The contributions made by individuals or companies are governed by a process comprising a Grants Committee, which takes on the responsibility to make grants, on behalf of the entire partnership. The Grants Committee evaluates non-profits (working in the livelihoods space, which is the national focus for SVP), does exhaustive due diligence and finally recommends a few for investment, with a commitment to support them for 3-5 years. For each non-profit, SVP assigns lead partner(s) to manage the relationship. Lead partners are individuals who have experience and interest in the area in which the contributor and the recipient are keen to solve a problem. For example, for one of SVP Bangalore's investees (working in the area of disability) who needed help in institution-strengthening, SVP brought in lead partners who had experience in disability, as well as Human Resources, to strategize and strengthen the people function in the investee organization.

SVP's unique social immersion program for corporate managers is a valuable tool for leadership development. As much as corporate managers can use their skills to benefit NGOs and social enterprises, the reverse is also true; managers can bring back their experiences from the social sector into the corporate arena, which makes them more effective and creative leaders and thought provocateurs. Participants in such a program are matched with NGOs that need specific help (such as deployment of technology, development of a business or marketing plan or strengthening of HR processes). Work is done through targeted time-bound assignments requiring a high level of committed effort.

Currently, SVP is helping nine senior managers from a US technology major in India through a social immersion program. This is a three-month-long component of a larger 18-month leadership development program that these managers are going through. SVP has matched each manager to an NGO or social enterprise and curated an assignment with clear goals and deliverables, helping these managers build on their leadership skills.

SVP also helps non-profits. It offers pure-play consulting for such organizations, helping them define their vision, objectives and networks.

Research methodology

Our study began with a detailed survey and interviews of the business leaders representing sectors such as consumer products, resources, financial services, whose organizations are shaping the present and future of CSR in India. To acquire an in-depth understanding of the challenges companies face or will face while building individual CSR programs, we also spoke with executives from businesses having minimal or no exposure to CSR. In addition, we conducted discussions with executives at various NGOs and intergovernmental organizations. We held discussions with social entrepreneurs, a new breed of social venture funds and individual philanthropists. In all, we carried out around 30 discussions, excluding the survey of around 20 business executives.

We analyzed insights collated through these discussions using comparative analysis techniques to develop key messages and lessons. We then used our findings to build the high performance framework discussed in Chapter 3 of this report.

"The world of computers is the
world of tomorrow;
The time to prepare for that
world is today."

5   6

Chapter 2
Shaping India's economic future:
CSR challenges facing Indian businesses

Extensive conversations with senior executives from a diverse set of businesses having varied levels of exposure to CSR activities were conducted. The goal was to understand their willingness and readiness to seize new opportunities that CSR presents. We also spoke with individuals who could provide a partner's perspective—namely, senior executives at NGOs as well as CSR facilitators and experts—to gain their views on businesses' readiness to use CSR as a platform for shaping India's economic future.

Several patterns emerged in these conversations. For example, most of the executives across businesses and NGOs we interviewed agreed that the CSR Rules 2014 present an opportunity for businesses to create value for society as well as their respective enterprises and India overall. They also agreed that companies will need to step out of their comfort zones to create value for themselves and society through their CSR initiatives. And they broadly concurred that CSR will now lie at the heart of business value creation, given the resources that companies will have to allocate to such initiatives because of the new law.

CXOs and CSR: More questions than answers

During these discussions, executives also raised questions. *(See Figure 2)* Detailed discussions around these questions helped us gather vital insights on challenges facing companies with varied degrees of CSR exposure.

Our conversations suggested that companies with different degrees of familiarity with and exposure to CSR have different concerns.

Specifically, small and mid-size companies with no CSR experience:

- wonder where to start (for example, should they spend time planning or just take action now?)

- are eager to execute CSR programs from the perspective of compliance and will do the "bare minimum" in the short run if they cannot develop a longer-term plan of action

- feel the need of developing a culture required to deliver high-impact CSR programs

- fear getting embroiled in too many unviable initiatives at the same time

- are searching for trustworthy collaborators

"I am an entrepreneur, and know how to create economic wealth, but am not trained to create social wealth."

CMD of an industrial machinery company

Meanwhile, businesses with moderate exposure to CSR:

- want to scale their current CSR programs to shape their own and the nation's economic future

- are not willing to look beyond time-tested partners in the near future

- fear the "snob effect"[xvii] in identifying partners and worry about being overwhelmed by CSR initiatives

- question whether their existing capabilities are enough to turn CSR into a driver of economic and social growth

- want to unlock social consciousness in their workforces to achieve their CSR goals

- are eager to find new ways of measuring the impact of their CSR actions

"Our concern with corporate responsibility for our organization is not the spend; it is the scale-up, resource mobilization and the impact that we want to focus on."

Vice President, CSR, of an auto-component manufacturer

Finally, businesses with extensive exposure to CSR:

- are convinced of CSR's value as a platform for creating economic and social wealth

- are concerned about the alignment of their CSR goals with their evolving business footprint

- want to use technology to bring more predictability and scalability to their CSR efforts

- are finding ways to better align their operating model with their partners'

- are seeking new ways to differentiate their CSR process and impact, so as to improve their brand perception
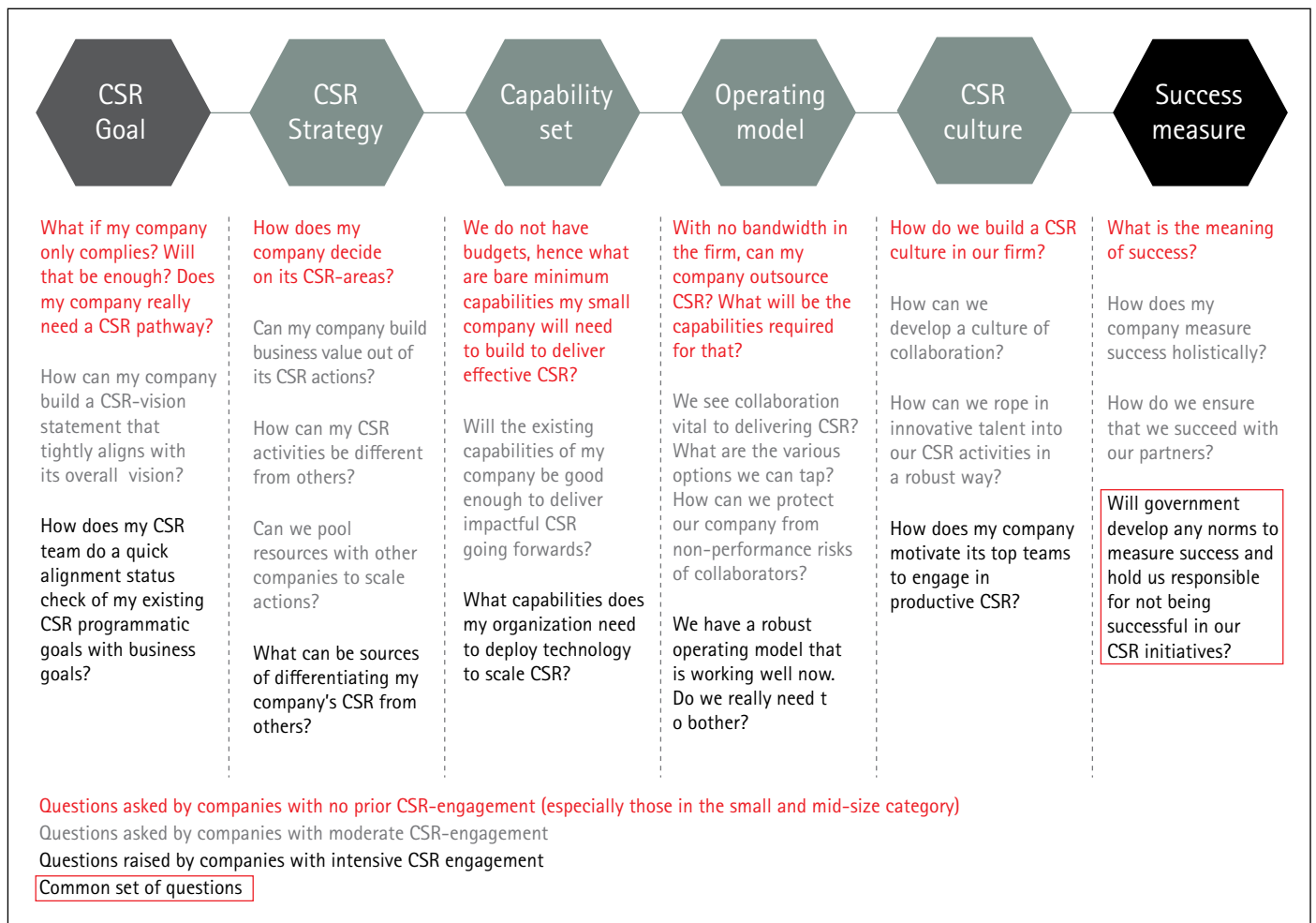
Throughout our conversations, executives as well as NGO leaders and CSR facilitators frequently referred to the maturing CSR ecosystem and the emergence of new players in what they called the "business of matchmaking between companies and civil society organizations." They also made reference to rising social entrepreneurship and NGOs/small entrepreneurs that provide customized solutions as well as foster social awareness among employees and customers. But when probed as to whether their organizations had a plan in place to harness the power of the maturing CSR ecosystem, many executives said they would "wait and watch at the moment."

"Having been an active participant in community development around our area of operations, it would be interesting to explore the use of technology to add value to our existing efforts."
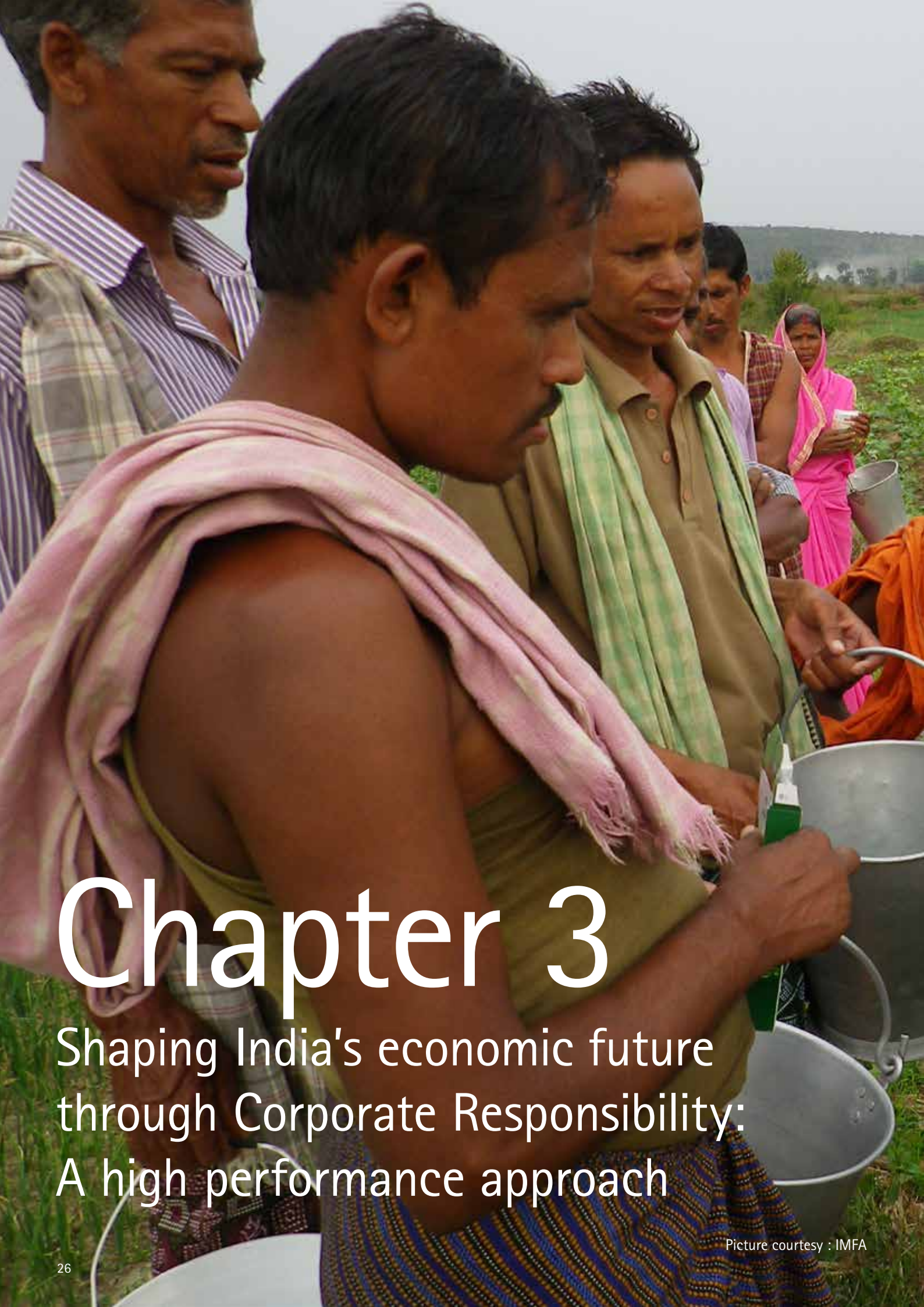
Vice President, Projects of a large energy company

Figure 2: Executives' questions

Companies with varying exposure to CSR have multiple questions regarding how to initiate or strengthen CSR programs under the new legislative regime

CSR Goal	CSR Strategy	Capability set	Operating model	CSR culture	Success measure
What if my company only complies? Will that be enough? Does my company really need a CSR pathway?	How does my company decide on its CSR-areas?	We do not have budgets, hence what are bare minimum capabilities my small company will need to build to deliver effective CSR?	With no bandwidth in the firm, can my company outsource CSR? What will be the capabilities required for that?	How do we build a CSR culture in our firm?	What is the meaning of success?
How can my company build a CSR-vision statement that tightly aligns with its overall vision?	Can my company build business value out of its CSR actions?	Will the existing capabilities of my company be good enough to deliver impactful CSR going forwards?	We see collaboration vital to delivering CSR? What are the various options we can tap? How can we protect our company from non-performance risks of collaborators?	How can we develop a culture of collaboration? How can we rope in innovative talent into our CSR activities in a robust way?	How does my company measure success holistically? How do we ensure that we succeed with our partners?
How does my CSR team do a quick alignment status check of my existing CSR programmatic goals with business goals?	Can we pool resources with other companies to scale actions? What can be sources of differentiating my company's CSR from others?	What capabilities does my organization need to deploy technology to scale CSR?	We have a robust operating model that is working well now. Do we really need t o bother?	How does my company motivate its top teams to engage in productive CSR?	Will government develop any norms to measure success and hold us responsible for not being successful in our CSR initiatives?

Questions asked by companies with no prior CSR-engagement (especially those in the small and mid-size category)
Questions asked by companies with moderate CSR-engagement
Questions raised by companies with intensive CSR engagement
Common set of questions

Source: Accenture Analysis

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Chapter 3

Shaping India's economic future
through Corporate Responsibility:
A high performance approach

Picture courtesy : IMFA

In the last chapter we saw that while businesses face a daunting set of challenges in defining their CSR path, companies across industries view CSR as a wellspring for creating business value in addition to social value.

This nuanced understanding, coupled with the continuing expansion of the list of activities that can be classified as CSR under the Act, by the government, provides corporations a chance to focus their attention in two areas simultaneously: (a) drive their CSR programs with greater impact; (b) build an organization capable of transitioning from the bylanes of corporate social responsibility to a wider, well-paved highway of corporate responsibility.

From Corporate Social Responsibility to Corporate Responsibility

Corporate responsibility includes social, environmental, governance and financial responsibility. It encapsulates actions companies take to build an environment friendly, people-sensitive, safe and ethical business capable of generating socially responsible profits. Corporate responsibility creates value for the company, its stakeholders and society. Responsible corporates not only do the right things externally, but they live the right way too.

A responsible corporation, while generating viable livelihood opportunities, will also be conscious of the impact of their actions on natural resource systems where they operate; it will also think about ways of preserving the community's heritage and culture; and if required it will even create the necessary community infrastructure, thereby delivering more holistic and harmonious change preserving not only its financial sustainability but also that of the communities and the larger ecosystem, within whom its business is situated.

More importantly, a responsible corporation will focus on building a culture that will empower its employees to give back to communities, sustainably and in more than one way. Such

businesses will build new capabilities with the aim of taking on society's problems while at the same time creating commercially viable initiatives. Such companies will stretch themselves to create new benchmarks in terms of developing inclusive and environmentally and culturally friendly solutions addressing challenges being faced by communities and other stakeholders. Commitment to environment, ethics and governance no more remain a compliance issue for a responsible corporation, they become a part of its DNA.

No doubt, CSR will continue to dominate the CR journey of many corporations operating in India, largely due to contextual realities and capability limitations. But, in the long run, as such companies gain experience and bridge capability gaps, they will steadily embrace the CR paradigm.

The key question therefore is how can companies organize themselves to conceptualize, design and deliver CSR and simultaneously start readying themselves to seamlessly transition from CSR to CR.

As a part of this research, we interviewed executives from high performing responsible corporations. These are businesses that have:

- consistently allocated a sizeable portion of economic resources to corporate responsibility initiatives across economic cycles during the last three years;

- undertaken a range of social, environmental and people-centric initiatives toward creating holistic and harmonious change benefiting communities as well as business at large;

- developed a well-defined plan for their future CR actions; and

- have been awarded for their differentiated and consistent work by recognized agencies.

These interviews with CR high performers revealed that there is no "silver bullet" for excelling at CR. High performers have defined unique pathways to success, so aspiring CR exemplars cannot merely copy them.
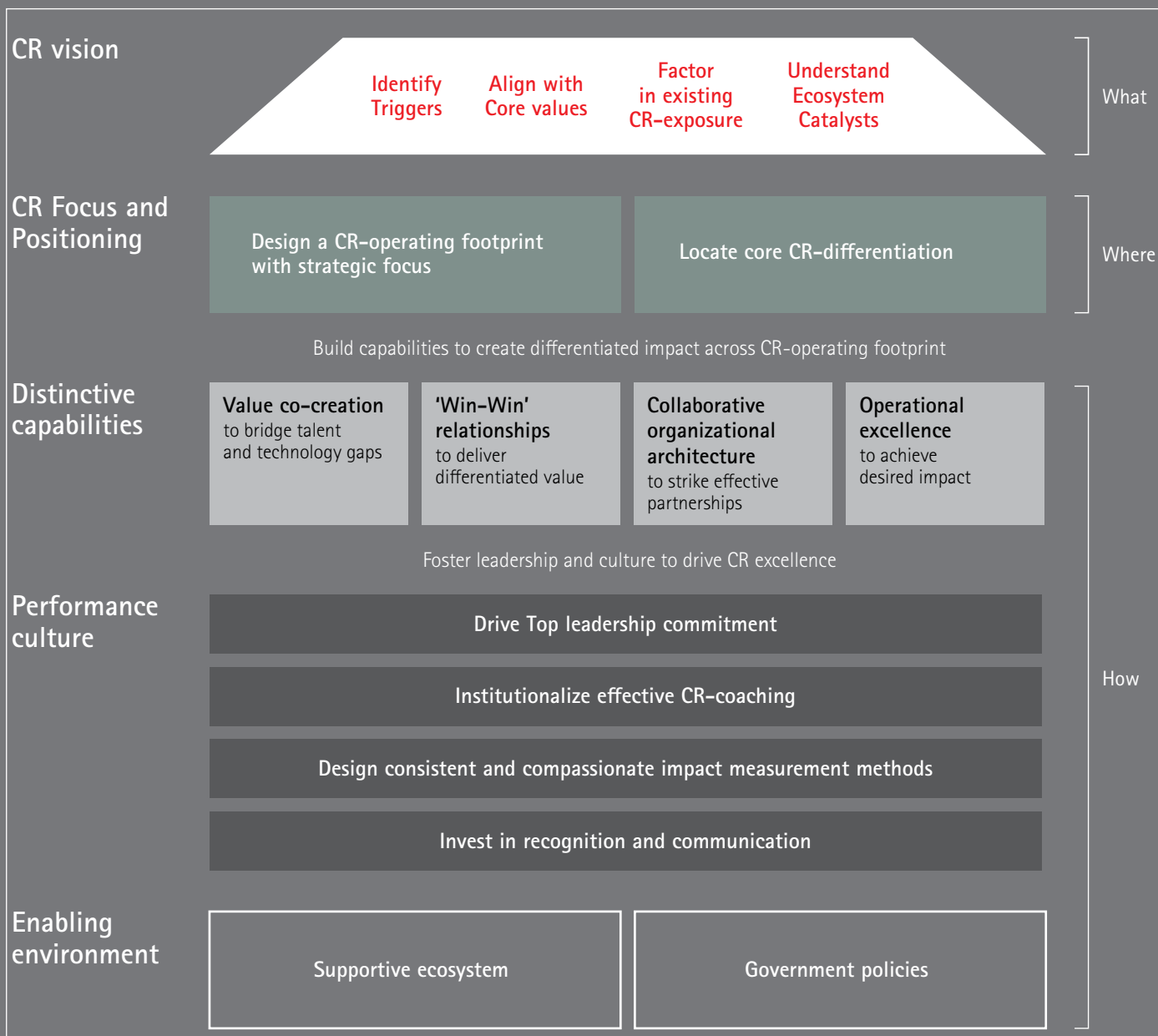
Instead, companies seeking to become high performers in CR will need to craft and pursue their own plans. Building on their existing capabilities and networks, they will also have to invest in new capabilities to deliver ever more social and economic value through their CR projects.

To build such capabilities, they will need to take a fresh look at their organizational culture and foster an environment that attracts and nurtures the best talent. Their choices about which capabilities to focus on will depend on their degree of familiarity and experience with CR activities.

Accenture and FICCI have developed a framework synthesizing all of these dimensions. *(See Figure 3)*

Figure 3: The High Performance CR Framework

Strategy, capabilities and culture constitute critical components in CR performance

CR vision

Identify Triggers Align with Core values Factor in existing CR-exposure Understand Ecosystem Catalysts

What

CR Focus and Positioning

Design a CR-operating footprint with strategic focus

Locate core CR-differentiation

Where

Build capabilities to create differentiated impact across CR-operating footprint

Distinctive capabilities

Value co-creation to bridge talent and technology gaps

'Win-Win' relationships to deliver differentiated value

Collaborative organizational architecture to strike effective partnerships

Operational excellence to achieve desired impact

Foster leadership and culture to drive CR excellence

Performance culture

Drive Top leadership commitment

Institutionalize effective CR-coaching

Design consistent and compassionate impact measurement methods

Invest in recognition and communication

How

Enabling environment

Supportive ecosystem

Government policies

Examples, that we cite during discussions on key components of this framework, towards social, environmental and related causes, may or may not exactly come under the ambit of the new Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules 2014 issued thereunder (further referred to as 'CSR Rules 2014'). Companies are therefore advised to consult their respective legal teams to ensure that initiatives they wish to undertake are aligned to the requirements of the Act and the CSR Rules 2014.

Source: Accenture Analysis

CR Vision Statement

A vision forms the foundation of any company's competitive strategy. It reflects the dream of the organization's founders, which they aim to realize through the institution they build. Most established companies develop vision statements for their overall organization. A clear and compelling vision helps define the company's values and guides employees' behavior.

However, few companies spend just as much time and effort defining a CR vision. "It's in our mind, and we execute it through our conscience," an executive from a medium-sized industrial products manufacturer based in Pune told us.

But employees, CR teams and CR partners need a vision to understand what top leaders have in mind for the organization's CR efforts. Such a vision also helps to maintain stability if top management changes hands as a result of a merger or an acquisition or if the CEO decides to step down. A CR vision statement gives direction to CR activities. Even more important, it becomes a guiding light for the organization's CR journey during tough times.

Some organizations have made a conscious decision to define a CR vision, even before the new legislation came into play. For others, the new law has triggered efforts to define such a vision. Regardless of what prompted definition of a CR vision, an enterprise's vision will be influenced by its core values, degree of exposure to CR and ability to harness the power of change catalysts in the CR ecosystem.

Defining a CR vision gives a company's top leaders the opportunity to:

- align the company's emerging CR vision and core values

- spark a dialogue with change catalysts and prospective partners in the CR ecosystem

- develop a repository of good practices in possible intervention areas

- generate awareness of CR within the company and win constituents

- communicate their seriousness about CR in their organization

An effective CR vision statement looks to the future, identifies broad areas of impact and is realistic and achievable. More importantly, it goes beyond the realm of simply social responsibility and provides a direction to the organization to ultimately embrace corporate responsibility.

Consider Aditya Birla Group's vision statement: "To actively contribute to the social and economic development of the communities in which we operate. In doing so, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index."[xviii]

And here is the vision defined by the ICICI Foundation for Inclusive Growth: "To be a leading institution for the promotion of inclusive growth in India by contributing to the key enablers required for widespread participation in economic opportunities in the country."[xix]

Picture courtesy : IMFA
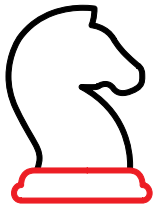
CR Focus and Positioning

Making smart choices about operating footprint (where to create CR value) and crafting a clear strategy for differentiating the company's CR efforts are critical for achieving high performance. Indeed, Accenture's analysis of high performers suggests that operating footprint plays a key role in leaders' CR focus and position strategy. For high performers, operating footprint is not about mitigating risk but about identifying and nurturing new sources of CR value and impact. There is no one "right" recipe for determining a company's CR operating footprint. Committees and teams need to identify and develop their own. Below, we discuss some choices they can make in defining their footprint.

Design a CR operating footprint with a strategic focus

There are five axes along which a company can define its CR operating footprint: geography, area of impact, key beneficiaries, partners and type of value they want to generate. *(See Figure 4)* High performers take a very conscious call across each of the five axes. They balance their positioning in such a manner, such that the impact from their actions is never diluted.

The nodes on the axes in Figure 4 are provided as examples. Moreover, companies do not need to operate on every node of an axis to create an effective CR operating footprint. But they do need to make careful judgment calls to define their own footprint and then develop the capabilities required to put that footprint into effective action.

Take Indian Metals and Ferro Alloys (IMFA). IMFA is India's largest fully integrated producer of ferro alloys, boasting a 187 MVA installed furnace capacity backed by 258 MW of captive power generation and extensive chrome ore mining tracts. The organization strives to create a positive impact in the regions where it operates.

For example, it has located its plants in Odisha, one of the economically challenged states in India. Through a rigorous assessment process, IMFA has defined challenges in Odisha that CR programs can address, such as lack of adequate education, healthcare, infrastructure and skill development. It has then developed initiatives for solving such problems and benefiting not only the districts it operates in but across Odisha.[xx] *(See Figure 5a)*

Great Eastern Energy Corporation Ltd. (GEECL) is another prime example. GEECL focuses its CR investments on the communities around its operations. These investments aim to create value for the company while also supporting sustainable development of the local communities. For instance, executives believe it is their responsibility to improve water access in areas in which the company operates. Such improvements not only make it easier for the company to do business; they also build strong relationships with local populations. Leaders work with local communities to provide access to safe drinking water through the reformation of ponds, wells and tube wells, all of which enhances access to potable water. They have also undertaken the rehabilitation

Figure 4: The axes of a CR operating footprint

To realize their vision, firms must define the right operating footprint
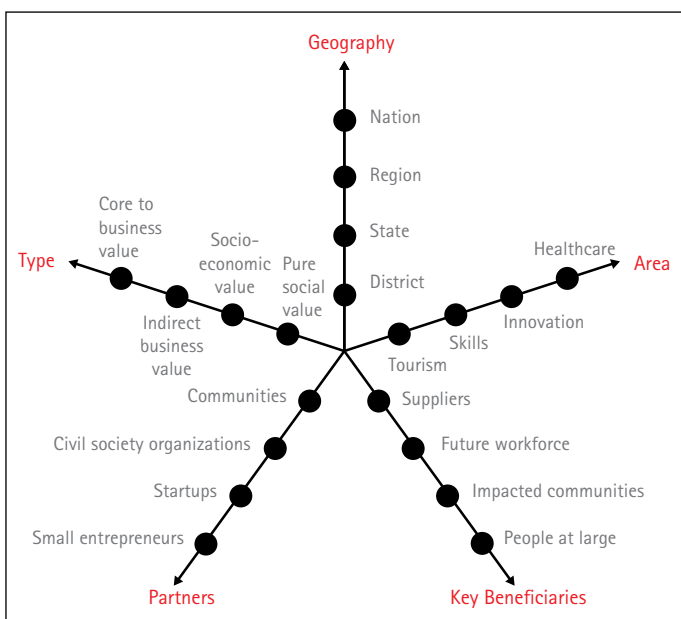
Source: Accenture Analysis

Figure 5a: IMFA's CR operating footprint

IMFA seeks to address social and economic issues facing communities where it operates
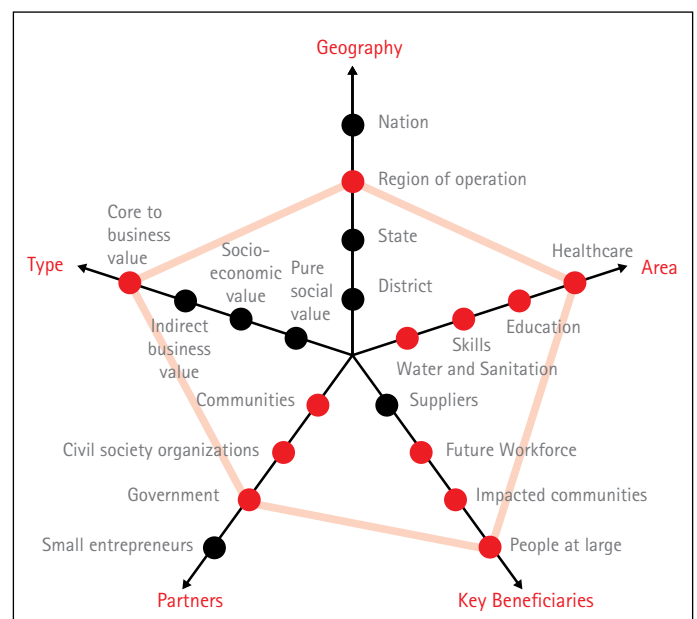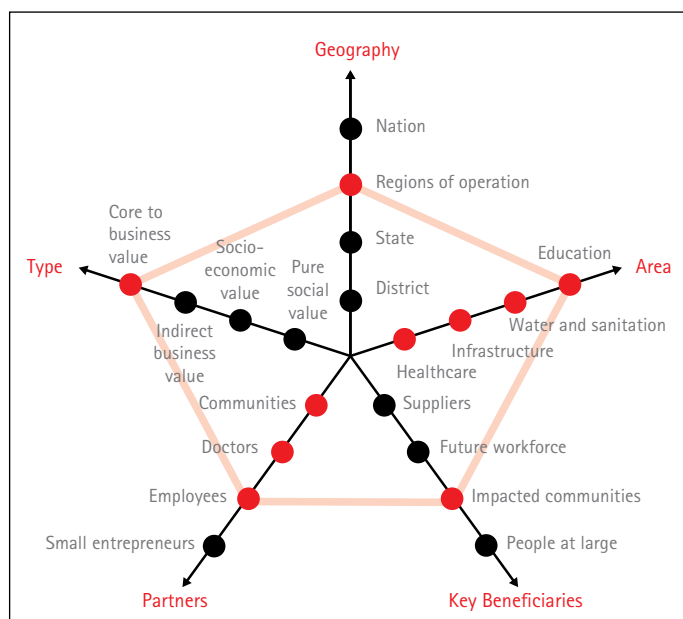

Source: Accenture Analysis

and construction of roads, further transforming the local economy and creating infrastructure that benefits GEECL as well. *(See Figure 5b)*

Moreover, GEECL also identifies the villages in the vicinity of the project areas and organises health camps to improve the health care of the needy villagers. Such ideas have included hiring specialized doctors to improve healthcare for villagers. The company also works closely with opinion makers from local communities, such as Panchayat leaders, gramsevaks,[xxi] and NGO's to enhance participation of communities in GEECL's CR initiatives. While achieving high levels of safety in its operations, the company has contributed towards creating primary and secondary employment in the area. GEECL has contributed towards improving the environment in its operational area through substitution of polluting fuels with the use of clean energy.

Companies with moderate or no exposure to responsibility initiatives may think that only big enterprises need to define a CR operating footprint. That is not the case. By using this framework to clarify its operating footprint, a company gains a 360-degree perspective on its CR efforts. In addition, the footprint enables leaders to clearly explain:

- who the intended beneficiaries of CR activities are;

- how the company's CR goals align with its business objectives;

- where support for implementation of CR initiatives will come from; and

- how far CR initiatives will reach, in terms of scale and impact.

Figure 5b: GEECL's CR operating footprint

GEECL operates on numerous nodes along the Area and Partners axes of its footprint

Source: Accenture Analysis

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Locate core CR Differentiation

After determining where they want to create CR value (by defining the operating footprint), companies need to clarify what will differentiate the value they create. CR differentiation is important because it gives a company a distinct identity. Detailed discussions with high performers reveal that companies can differentiate their CR programs on three interconnected dimensions: scale, sustenance and symbiosis. Companies must determine which of these dimensions they will focus on to achieve the differentiation they desire. Below, we explore each dimension in closer detail.

Scale

By scaling their CR activities, companies sow seeds of goodwill across a larger section of society, sometimes even beyond the original intended beneficiaries. Especially for small- and medium-size companies that have limited talent and financial resources for CR programs, scaling hinges on companies' ability to harness the strengths of partners, such as local communities, NGOs, entrepreneurs and government agencies. In the words of the CEO of an organic chemicals company having little exposure to CR, "We will soon be engaging with very different customers on a terrain where we have little experience. So partners are going to be critical to create scalable impact." For companies with deep familiarity with responsibility initiatives, achieving the next level of scalable impact will depend on how innovatively they and their partners can deploy technologies in spaces such as mobility and analytics.

Sustenance

Sustenance in CR actions—delivering high quality CR initiatives consistently—communicates an organization's seriousness about CR to the intended beneficiaries. As Datta Patil, Head of YUVA Rural Association, an NGO located in Nagpur, put it: "Consistently engaging with [your] beneficiaries is the only way of seeding trust and confidence within them about [your] initiatives." And trust and confidence are vital for creating a positive impact. In many cases, such actions transform beneficiaries from "customers" to "co-creators of change" and can help organizations transition from CSR to CR as they start developing a more nuanced perspective on challenges being faced by communities and other stakeholders with whom they work.

Sustenance comes in handy if an organization's CR budget is cut because of poor business performance. In such a scenario, businesses can tap into their reserves of trust and confidence to remain engaged with their intended CR beneficiaries. As explained by a senior functionary Anant Kadam at Vikas Sahyog Pratisthan, an NGO focused on improving livelihoods, "If the beneficiaries have trust in you and believe in the change you want to create, they even part with their own resources." For example, a small fast-moving consumer goods (FMCG) company had been funding creation of libraries in parts of India's Konkan region for more than a decade. The company had seen its revenues decrease, and could not allocate the usual funding to this CR initiative for two years. But during those years, students, teachers and parents from many of the beneficiary villages continued to run the libraries using their own money. They were convinced of the program's positive impact and, even more important, "did not want to see the dream of the company die midway through the effort."

Sustenance is deeply rooted in how "impacters co-create with the impacted." As mentioned by a leading CR expert, the sustenance edge of a CR initiative depends on how well the program integrates the concerns of its beneficiaries and other stakeholders in an ongoing way. Consider IMFA's 'Project Unnati. This project is based on an integrated self-help approach aimed at improving the livelihoods, education and health of women.

During one of its livelihoods trainings, the IMFA team noted that many members of female self-help groups in Angul wanted to learn how to raise livestock for dairy. Yet their interest in this livelihood was not translating into action because of the women's concerns about livestock mortality.

With the problem identified, IMFA in collaboration with their beneficiaries designed and provided targeted trainings on animal health, including feed and vaccination to families. To complement the trainings, the Bansidhar and Ila Panda Foundation (BIPF), established by IMFA, partnered with State Animal Resource Department to conduct about 20 animal healthcare camps in Angul villages. More than 3,000 cattle and hundreds of goats were vaccinated against major diseases, and program leaders checked animals' health and provided deworming. Members of Project Unnati also received training in animal care.

This multipronged intervention delivered impressive results: As animal mortality rates decreased, self-help group members embraced dairy programs. The health of members and their families improved, and the women gained a higher level of financial independence. Moreover, the village communities started viewing BIPF as a trusted partner that could leverage the strengths of various other stakeholders, including the government, to benefit community members.

Symbiosis

In biology, symbiosis occurs when two unlike organisms live together. A symbiotic relationship can be further subcategorized into mutualism (both parties gain) and parasitism (only one party gains). Steadily building mutualism or a "win-win" mindset into CR relationships gives partnerships a distinct edge in terms of how much impact they can deliver. As a senior CR committee head of a financial services company told us, "Companies and their CR partners in a 'win-win' relationship start creating differentiated value for each other and for their CR beneficiaries very naturally." The key to building such a relationship is understanding what the partner sees as a win and then delivering it, rather than making assumptions about the partner's views.

The Bhavishya Alliance was created in 2006 as a non-profit organization to tackle the intractable issue of child undernutrition. Bhavishya was established by Synergos, Unilever, UNICEF, and local stakeholders as a unique multi-stakeholder partnership in India to develop a cohesive response to child undernutrition in the State of Maharashtra. During 2006-2012, the symbiotic relationship between partnering organizations provided a fresh way to problem-solve a complex and deeply rooted issue. Bhavishya launched pioneering initiatives in working toward its mission to co-create solutions to address complex problem of child undernutrition. The Bhavishya model allowed participants to develop a shared understanding of a problem and to test, discard or revise solutions they had designed. A range of new relationships, competencies and resources towards designing and implementing initiatives were introduced to the partners of Bhavishya alliance. Bhavishya's partners and staff were exposed to new approaches, knowledge areas and skill-sets, which led to launching a host of innovative solutions.[xxii]

CR Focus and Positioning

Immediate Action agenda

Building blocks	Companies with no CR-exposure	Companies with moderate CR-exposure	Companies with extensive CR-exposure
Operating footprint	Map the change envisaged in the vision statement to types of partners, area of operation and type of CR to be pursued.	Identify axes along which you need to focus to realize the CR vision.	
	Prioritize axis/axes to deliver the desired impact spelled out in the vision statement.	Tie in above with your overall long-term CR plan and identify axes to be prioritized over the short, medium and long term. Set targets.	
Differentiation	Board clarifies CR values and vision, and defines goals and core capabilities required to meet goals.		Launch strategic planning initiative to assess the impact of CSR Rules 2014 with clearly defined goals and identification of core capabilities. If these are not clearly defined, involve the CEO and top management in setting priorities.
	Board develops a view on management practices required to achieve goals, and identifies gaps and resources needed to close them. If required resources exist, CEO/Board must focus on fostering a climate that supports strategic planning.		

Source: Accenture Analysis

Picture courtesy : IMFA

Indian Metals & Ferro Alloys Ltd. (IMFA): Creating sustained, scalable and symbiotic value

Organizations in the extractive industry are known to implement CSR initiatives merely to satisfy requirements laid down by authorities. But way back in the seventies, Indian Metals & Ferro Alloys (IMFA), today a leading, fully integrated producer of ferro alloys straddling the value chain from mining to smelting, did something unthinkable. Establishing its manufacturing complex in one of the most remote locations by choice, IMFA became one of the first metal companies in the post-independence era to establish its CSR and commercial operations simultaneously.

Such socially conscious choices executed by the founders of IMFA since the beginning of their industrial journey have helped finely thread the CSR culture in the firm through generations. In the words of Jayant Mishra, CEO "a few years ago we took the step of evolving our CSR policy to align with an all-encompassing view of corporate responsibility". Prem Khandelwal, CFO, points out, "At IMFA we see CR as a necessary societal investment and not as item of expenditure in the company's balance sheet."

At present, IMFA's founding family and IMFA's-senior management continue to meticulously strengthen and provide better focus to CR-initiatives. Establishing Bansidhar & Ila Panda Foundation (BIPF) in 2011 (named after the founders of IMFA), the second generation is differentiating CR initiatives in the area of education, skill development, water & sanitation and women & child development by consciously building in sustenance and scale while nurturing symbiotic relationships.

Sustenance

To sustain its efforts IMFA continues to build value co-creation into life-cycle of its CR initiatives. According to Shaifalika Panda, Chief of CR (Special Initiatives) "Involving the community helps us create a sense of ownership within the community as the language of execution transforms from 'I for you' to 'We for us'; BIPF ensures that communities are engaged right from the start in both designing and executing projects." Project Unnati deserves a special mention here. Enabling social and economic transformation 'of women for women by women', BIPF has evolved an integrated self-help approach connecting various dots in the life of a woman (life skills to livelihood) through extensive consultations with communities. To ensure democratized and sustained execution of such a program, self-help groups have been institutionalized. These self-help groups not only help in institutionalizing the 'word of mouth' process but also serve as agents of change in the community to take the program forward.

Scale

Scale is vital in order to generate a high level of impact. The challenge though is to achieve scalable impact which is also sustainable. IMFA has achieved this fine balance on the back of its collaborative organizational architecture. Across the 5 districts of Odisha where IMFA operates, top and middle management routinely extend support to strategize and execute CR initiatives. IMFA's central leadership continues to empower its local business heads to take decisions on how best to execute CR initiatives. These empowered executives work with BIPF specialists to add more operational depth and multi-sectoral approach to CR initiatives. The views of unit-level business heads and junior management are taken very seriously and top management responds to their suggestions.

Symbiosis

Constructing symbiotic relationships is at the core of IMFA's CR programs. To build such relationships it is important to build the capability to structure 'win-win' relationships. Let's take an example of IMFA's initiative in the space of maternal and child healthcare. When IMFA initiated this program, it found that there were already a number of public and private agencies involved in delivering value in this space. Through BIPF, IMFA closely worked with these agencies and identified areas where it could add value to multiply and scale the impact of these initiatives which were already being implemented. In spite of its size, IMFA did not come in as big brother but as a facilitator and value creator. This enhanced the positioning of IMFA as an ecosystem builder. More importantly, the resources it allocated to this particular initiative started yielding results very early.

Beginning its CSR-journey by laying the foundation of a medical dispensary in the 1960/70s followed by construction of a CBSE affiliated English medium school and a quality Industrial Training Centre in one of the remotest parts of India, IMFA has indeed come a long way on the path of delivering differentiated social value through scalable and sustainable women's empowerment, child & maternal health, water, sanitation and hygiene (WASH) and skill building initiatives. In the words of Subhrakant Panda, Managing Director & CEO, IMFA "Our CR policy has evolved over time and, now, sustainability is a key aspect of every intervention. We also recognized the need for cohesive action and work strategically with the objective of contributing to both national goals as well as the post-MDG target of sustainable development and poverty alleviation."
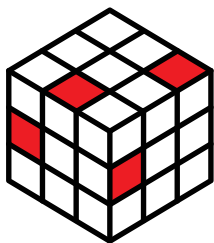
Distinctive capabilities

After identifying where to create CR value, companies need to determine the capabilities they must develop to execute their CR strategies. This research identifies four distinctive capabilities that high performers build: value co-creation, win-win relationships, collaborative organizational architecture, and operational excellence.

In many cases, companies will need to build these capabilities in collaboration with partners. Appended to this report is a set of indicators, companies can utilize to effectively measure the contribution made by their partners towards creation of such capabilities. *(See Annexure-2)*

Value co-creation

Our conversations and interviews revealed that a number of small- and medium-size businesses willing to take on CR projects capable of shaping India's economic future lack the talent and technologies needed to realize this vision. Value co-creation can help such companies fill the talent and technology gap. These companies can co-create CR strategies, technologies and execution mechanisms with experienced chambers of commerce and industry and corporations having experience in creating impact in similar areas of interest.

Let's take the example of the FICCI-Aditya Birla Centre for Excellence built with the support from the Aditya Birla Group. The vision of the centre is - to incubate, nurture and accelerate a paradigm of sustainable and inclusive corporate responsibility in India and across the globe, thereby raising the Human Development Index through poverty alleviation. To realize the vision, the Centre for Excellence provides strategic direction to the development of socially inclusive and holistic practices; creates synergy by providing platform to various stakeholders to share their experiences, learn, exchange ideas and support partnerships that add value to business and recognizes and rewards business enterprises contributing towards sustainable and inclusive development.

Since the inception, the Centre has been facilitating path-breaking dialogues between the Indian Industry, Government & global thought leaders, capacity building of CR stakeholders and research.

'Skills to succeed' is a platform, organizations interested in bridging skills-deficit in India can think of leveraging. Bringing on-board partners across the globe, this platform created by Accenture in 2010, has been able to generate a repository of technologies and best practices to drive scalable, market friendly skilling. For example, Accenture in India spearheaded the Skills to Succeed program for the Self Employed Women's Association (SEWA)—an organization of poor, self-employed women workers—in collaboration with WEConnect International, International Trade Center, The World Bank and La Pietra Coalition—in 2011 to create green jobs and improve the livelihood prospects of women waste pickers. After the successful completion of phase 1 of the SEWA project, Accenture launched phase 2 in April 2013, focusing on product reengineering and market linkages. With collaborative support from the Accenture supply chain, SEWA has been reengineering its product range and optimizing costs.[xxiii]

Crowdsourcing can also help companies source the best ideas to solve their CR challenges. Businesses can use existing crowdsourcing platforms such as OpenIDEO, and they can become "challenge sponsors" for CR questions to which they seek answers. OpenIDEO participants contribute in a variety of ways, including commenting, collaborating on complex concepts as well as executing them.[xxiv]

Win-win relationships

Cultivating win-win relationships with partners helps companies deliver differentiated value through their CR efforts, if the partnership models align incentives for all participants.

"What's in for me?" is a normal question for any member of a partnership to ask, and CR partnerships are no exception. Corporations need to recognize that their partners hunger for on-the-ground success. For NGOs and leaders of social movements, such success gains them recognition from their constituencies. For social innovators and technologists, successful deployment of their innovation translates into new markets for future business. For employees, contributing to a successful CR initiative launched by their company may mean that a long-cherished personal dream has come true.

In short, for most participants in CR relationships, "winning" is not about money. It is about other forms of value, and the most effective partnership models are set up to deliver that value to participants. With this in mind, the Marico Innovation Foundation launched its Social Innovation Acceleration Program (SIAP). SIAP helps identified social organizations "inculcate innovation into their DNA" to scale their initiatives successfully. *(See Sidebar: Marico Innovation Foundation: Encouraging creative innovators)*

Vodafone India has partnered with the Indian Academy of Pediatrics (IAP) to launch the world's largest vaccination reminder service for its flagship programme, "ImmunizeIndia". The IAP-ImmunizeIndia programme leverages the outreach of mobile technology and penetration of mobile phones across the country to raise awareness and deliver critical alerts about an essential health service. This national, non-profit initiative aims to prevent 500,000 child deaths and disabilities by 2018.

Available free of cost to parents across the country, parents can opt-in, through an SMS text message, which can be sent to the national short code to 566778 from any mobile network in India, in the format: Immunize <Space> <Baby's pet name> <Space> <Baby's date of birth>. An immediate confirmation follows this simple registration and text message reminders are sent for 12 years, following the prescribed immunization schedule - three reminders are sent, at two day intervals, for each vaccination that is due.

This Vodafone campaign is therefore enabling parents to provide timely vaccination to their children, creating a platform for pediatricians to actively engage with parents and children, and is simultaneously helping government achieve its health targets.[xxv]

Marico Innovation Foundation: Encouraging creative innovators

In the last five years, India has witnessed a boom in innovative social enterprises. Organizations such as The Akshaya Patra Foundation, ERAM Scientific Solutions Pvt. Ltd. and Fractal Microspin (to name just a few) are at the forefront, working to create sustainable social impact across geographies and sectors in India. However, as these organizations gather momentum and start scaling up operations to fulfill their mission, they recognize the need for a robust and structured framework to support sustainable growth. Funding is critical for successful scaling, along with the need for a scalable business model.

The Marico Innovation Foundation (MIF) and its Social Innovation Acceleration Program (SIAP) can help. MIF is a not-for-profit institution established in 2003 to help business and social organizations build economic and social value using breakthrough innovation. The Foundation strongly believes in serving as a catalyst for innovation in the social ecosystem.

Through SIAP, MIF seeks to help social enterprises innovate and scale their initiatives by providing business interventions and leveraging MIF's social ecosystem connections. In the words of Harsh Mariwala, Chairman, Marico, "The Foundation through its committed and systematic efforts contributes to fostering the innovation cause in the social ecosystem within India. The Social Innovation Acceleration Program (SIAP) is the flagship initiative of the Foundation and is our way of directly impacting social enterprises. We help social organisations address their scale-up challenges through measured and structured interventions within their business model."

The program is sector agnostic and focuses only on the innovative idea and the impact the social organization wishes to achieve. SIAP engagements last 18-24 months, during which program leaders help organizations scale an innovative idea by:

- Identifying roadblocks to scale and providing fresh insights on removing them

- Applying lessons and insights from previous projects

- Designing scale prototypes, including application of rapid prototyping

- Implementing prototype versions to experiment with measurable success

- Collaborating on lessons learned to measure impact and create new capabilities in the organization

SIAP engagements kick off with a detailed, inspiring round of discussion with Marico's Chairman, who helps the participating social organization conduct reality checks, reset aspirations and recalibrate scale targets and goals. The SIAP team then identifies in-house or external experts who can help the social enterprise build and expand its business and operating model in phases, prototype new insights and implement the best innovations. MIF also leverages its social ecosystem connections whenever special input is required from an external expert.

SIAP is more than just a scaling platform. It is a tool that social organizations can use to maximize their scale and impact—two words that have profound meaning for any social organization in India.

Collaborative organizational architecture

Replicating conventional organizational architectures while operating CR initiatives is a recipe for limited success. Traditional hierarchical architectures with tightly defined roles do not stimulate behaviour required for cross-fertilization of knowledge and practices across organizations. To create maximum value from CR projects, organizational architectures must be more collaborative. Roles need to expand in terms of the type of activities performed, with a goal of getting closer to partners and beneficiaries. This effort requires senior leadership to take more of a hands-on approach to formulating CR strategies. Companies must shorten the communication routes among CR partners and beneficiary-facing managers and top management to enable faster exchange of ideas and feedback. Moreover, flows of information and instructions have to be increasingly multidirectional, so senior leaders can better understand complex on-the-ground realities while designing CR plans.

ACC, one of the largest cement manufacturers in India, understands this. The company's initiatives are delivered by a team under the guidance of plant directors, business heads and the CEO. Each plant has a corporate responsibility coordinator who is a point of contact for community dialogue. A formal community advisory panel has been established at each plant location, comprising relevant local stakeholders and opinion leaders such as panchayat representatives, villagers, district officials and union representatives. Periodic needs assessments and regular dialogue with community members through the panel help the company identify the community's development needs. The initiatives team discusses priorities with the community to formulate a plan for projects. The projects are implemented through collaboration with like-minded organizations such as government agencies, volunteer organizations and development banks. In addition, community members participate in a formal engagement event conducted at each plant location every year. Local residents and leaders offer their feedback on progress and outcomes of the projects during various events conducted through the year. This process helps to ensure that ACC's initiatives meet community needs and deliver sustainable value.[xxvi]

Such an organizational architecture requires managers and employees, who know how to collaborate. Companies need to spot individuals that have such talent and involve them in their CR initiatives. A quick review of social media profiles of junior and middle managers may be a good place to start. Top managers can also post a CR problem on the company's intranet, invite employees to solve it and look for signs of collaborative behavior.

Operational excellence

CR projects expose businesses to complex risks that they may have never dealt with in normal circumstances or anticipated. For example, suppose that a doctor empanelled by an NGO at an eye-care camp sponsored by a company under its CR health initiative turns out to be negligent. The situation could harm patients' health, as well as ruin the relationships the company has built with the community and tarnish its overall reputation in the market.

Operational excellence is vital for mitigating such risks. To achieve operational excellence, companies must tap into the CR ecosystem. By doing so, they also enrich the ecosystem, which ultimately reduces the likelihood of similar risks arising in the future. In short, they activate a virtuous cycle.

Let's revisit GEECL to see how this works. When the company runs its healthcare initiatives, it looks to the ecosystem to find the best doctors and the best equipment it can take to beneficiaries in villages. If a village's healthcare infrastructure such as a healthcare dispensary needs improvement or customization to suit a particular healthcare initiative, GEECL invests in that effort. This approach yields three positive outcomes: beneficiaries receive healthcare from the best practitioners; doctors gain exposure to medical problems plaguing distinct locations within India that they typically would not visit; and villages' healthcare infrastructure gets improved.

CR high performers leverage technology to achieve operational excellence. Utkal Coal Ltd. (UCL, a subsidiary of IMFA) collaborated with National Rural Health Mission and Government of Odisha to operate Janani Express (JE). A NRHM program, the goal of JE is to transport pregnant women to the nearest health facility for safe delivery of the child. Savvy use of technology has infused efficiency into the program. For example, a toll free number supported by a calling centre, operating around the clock, every day of the week, has been set up. To ensure end-to-end tracking of cases, as they advanced through the system, UCL has equipped the JEs with the MIS/JES systems. In the first year of operations, JE operated by UCL helped to transport more than 1000 women to facilities where they gave birth safely thus contributing towards reducing maternal mortality.
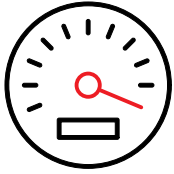
Distinctive Capabilities

Immediate Action agenda

Building blocks	Companies with no CR-exposure	Companies with moderate CR-exposure	Companies with extensive CR-exposure
Value co-creation	Identify co-creation platforms that exist within your business or outside which can be leveraged to serve CR goals.	Identify ways to leverage strengths of employees as co-creators.	Create sub-teams within CR cells or build a sub-team within the company's CR cell to identify technology institutions that can help you generate scalable CR value.
	Identify companies or governmental organizations with experience in creating innovative value in the area/sector where you want to generate social impact.		
	Identify a senior leader to head this exericse, and assign a team to him or her.		
Win-win Relationships	Benchmark your own CR initiative against best-in-class 'win-win' efforts and identify relationships to cultivate to bridge any deficit.		
	Find out what motivates your prospective partners who will be co-creating value with you. Assign an experienced leader in the organization to lead this effort someone with experience in building and managing relationships.		Evaluate the role existing partners can play in bridging any deficit. Invest in creating capacities in-house as well as within partners to ensure enduring value in additional areas where the enterprise wants to generate social impact.
Collaborative organizational architecture	Identify internal individuals who can be groomed for planning and execution roles in the changed collaborative organizational architecture.	In the absence of one, set up a small CR planning team responsible for top management decision support. Arrange for formal compulsory interactions with top management (monthly to quarterly frequency).	
	Identify skill gaps and arrange for identified individuals to gain exposure to processes and business decisions.	Develop a clear charter for this team that includes areas like industry environment scanning, interacting with associations, regulation prospecting, sector analysis and trends and business model innovation.	
	Ensure that these individuals report to the CEO/MD and that they work on strategy formulation, diversification and differentiation.	Include strategic areas like capacity planning, footprint and expansion. Set up quarterly formal reviews. Invest in creation of share points and other collaborative technology tools accessible to the team and their stakeholders (if necessary).	
Operational excellence	Identify main areas where ecosystem support is critical for the CR initiative.		
	Map risks that can be mitigated with support from the ecosystem to ensure efficient implementation of the plan across the operating footprint and to deliver the desired differentiation.		Identify ways in which the enterprise can enrich the ecosystem.

Source: Accenture Analysis

Picture courtesy : IMFA

Performance culture

To develop and exploit distinctive capabilities that can lead to development of an optimal operating footprint and delivery of differentiated CR actions, high performers establish the right culture – one centered on performance. *(See Figure 6)*

Drive top leadership commitment

Employees watch and listen to what their leaders say and do. They look for integrity in and alignment between leaders' comments and behaviors. The most powerful messages come from leaders whose actions demonstrate the company's commitment to social change. Unlocking social consciousness in employees thus begins with top leadership. Companies and their leadership need to display consistent personal commitment to social good if they expect their employees to make such a commitment, including generating socially beneficial ideas.

Leadership at the Tata Group, for example, continues to invest in activities across generations, sending a clear message to employees that being a socially responsible business is valuable for society and business itself. As early as 1892, Jamsetji Tata established the JN Tata Endowment Scheme to provide higher education for deserving Indians. Before the dawn of the 20th century, he had already introduced accident compensation for his textile workers, something unheard of in those days. The leadership at the company has continued this journey. In 1996, the Group established the Tata Council for Community Initiatives to bring together innovative corporate social responsibility practices in the organization. In 2007, the Tata Affirmative Action Programme was set up to identify unique ways to "address the prevailing social inequities in India by encouraging positive discrimination" for historically disadvantaged communities "without sacrificing merit or quality."[xxvii] Leveraging a more than century old spirit of individual volunteering within the Group, Tata Engage, was formulated to inspire and facilitate collective volunteering initiatives across Group companies.

Institutionalize effective CR coaching

As companies with little or no CR experience seek to integrate such projects into their operations more fully, they will have three options:

- Build a talent pool in the firm that embodies capabilities needed to realize the company's CR vision across the operating footprint with the desired level of differentiation.

- Outsource CR initiatives, if necessary, to a partner for the first few years and learn from the execution of these initiatives.

- Identify and finance partners who will plan, strategize and execute the initiatives on the company's behalf.

On many occasions coaching may be required to execute these options more effectively. Why the need for coaching? Without it, CR teams or sometimes even senior executives may unwittingly reach out to organizations whose energy, managerial attention and other resources are already exhausted (result of the 'snob effect' which was discussed in Section two). Such partners will not be

Figure 6: Components of a CR performance culture
Excelling at four kinds of actions can help companies establish a culture of CR performance

Drive top leadership commitment
- Board members and C-suite executives must exhibit personal commitment to socially beneficial actions

Institutionalize effective CR coaching
- Create mechanisms for identifying effective mentors from CR ecosystem
- Ensure consistent mentoring from in-house top-leadership to CR-teams on key aspects of stakeholder engagement, business models and risk management

Design consistent and compassionate impact measurement methods
- Construct metrics that are real, can be monitored and capture impact multidimensionally
- Deploy technology tools to collect data from the field, develop insights and maintain transparency

Invest in recognition and communication
- Institutionalize awards for responsible and daring change agents
- Create fora (in magazines, web-pages) for CR teams to share their experiences and to put out calls for action
- Put CR at the same level as other core functions in the organization's promotion and career progression practices
- Ensure that employees in CR-programs do not feel "dumped" into a sideline effort

Source: Accenture Analysis

in a position to deliver sufficient value. In addition, without coaching, senior leaders, leading CR teams, who are feeling pressured to deliver a quick CR impact may launch short-term CR activities without developing a plan first. As a result, their CR initiatives will be short lived and less impactful.

Organizations with nascent CR operations that want to scale their initiatives will need to coach their CR teams to leverage the ecosystem to minimize risks and maximize impact. To do so, such companies can approach high performers working in areas of similar interest and request coaching from their CR teams.

Design consistent and compassionate impact measurement methods

CR initiatives create tangible (quantitative) as well as intangible (qualitative) impacts. To measure the tangible impacts of a program, companies must develop a consistent set of indicators that all major stakeholders can understand, measure and verify. In addition, these indicators should measure impact, not output. There is a difference. For example, in a CR project aimed at reviving forests, it is important to measure how many of the saplings a company planted grew enough to provide the desired cover. That number matters much more than the number of saplings planted.

To measure intangible impacts—such as beneficiaries' perceptions of the quality of their lives or their sense of personal safety— compassion comes into play. CR teams will need to master scientific methods to gather qualitative data and complement them with impromptu data gathering skills. They will have to be able to hear and document the unspoken. To systematically capture as much qualitative data as possible, teams can create templates and use web-based tools to gather and record their findings on mobile platforms. They can then transmit their impressions to the main server and use analytics to draw relevant insights from the qualitative data.

During our interactions with high performers, we saw that the C-suite and sometimes even the board closely monitor the impact of their company's CR initiatives. At GEECL, for example, the team is required to share a report on its CSR work with the CEO after every CSR activity. Often, the CEO responds with detailed observations and recommendations on how performance against certain indicators can be improved.

Invest in recognition and communication

Employee engagement is critical to the success of CR efforts. Their day-to-day commitment to CR initiatives, decisions and actions channel their company's collective intelligence and resources toward realizing the CR vision.

The right recognition and communication systems can keep employee engagement levels high. Recognition initiatives enable companies to systematically identify and reward employees for outstanding examples of socially responsible behaviors and practices.

Consider Tata Power – one of the largest business entities in the Tata Group. Tata Power's "Greenolution" initiative aims to encourage sustainable living. Employees who share their ideas for helping Tata Power reduce its carbon footprint and who volunteer for "green" initiatives are identified as Green Heroes. They become the company's eco-awareness ambassadors, with specific targets to initiate the green cause. They also motivate others to change their behaviours and become environmentally friendly.[xxviii]

In recognizing CR champions, companies must take a big step toward putting CR on par with other core functions in the organization in terms of perceived importance. Recognition also helps ensure that employees who work in CR programs do not feel "dumped" into a sidelined effort, compared to coworkers in revenue-generating functions. By sending the message that CR matters, companies can attract top talent from many different places in the organization to lead or support CR initiatives.

Performance culture

Immediate Action Agenda

Building blocks	Companies with no CR-exposure	Companies with moderate CR-exposure	Companies with extensive CR-exposure
Drive top leadership commitment	Board lists actions in the area of social, environmental and other people-centric change that they will personally commit to, setting an example for employees.		
	Identify social issues relevant to the overall vision.		Integrate more external players to bring on board more disruptive ideas during the ideation process.
Institutionalize effective CR coaching	Board selects a model for CR value generation and delivery.		Board evaluates coaching options for the CR team leads externally, if not found internally.
	Identify three strategic and operational areas key to the success of the CR initiative for which coaching is required.		
Design consistent and compassionate impact measurement methods	Articulate and widely communicate company's intent to encourage innovation in defining metrics to measure impact of CR initiatives. Back up messaging with actions such as holding small-group meetings, creating forums and time for people to generate and exchange ideas, and providing incentives for generating ideas.		
	Have CR initiative leads implement communication,ideation and implementation of new metrics. Get external facilitation help as needed.		CR initiative leads and top leadership interact with stakeholders at well-defined intervals to make metrics more robust and inclusive.
Invest in recognition and communication	Create a positive buzz in the company by widely communicating success stories, arranging talks by senior leaders and encouraging visits from dignitaries who have "walked the talk."		
	Institutionalize awards such as "Responsible Changemakers" and "Dare to Change" awards to recognize CR champions as well as teams whose efforts could deliver desired social change with guidance.		
	Strengthen visibility for the CR team in the organization.	Establish a social media presence for the company's overall CR efforts or for specific campaigns. Use mobile technologies and traditional platforms such as radio for specific messaging about campaigns.	

Source: Accenture Analysis
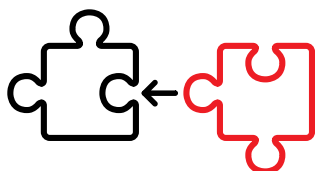
Fostering an enabling environment

Although organizing internally for CR success is important, organizations also need an enabling environment to support their efforts. That environment includes key external stakeholders over whom companies have no control—such as governments, incubators, public laboratories etc. Corporations must closely work with these stakeholders to create, a pool of like-minded supporters, infrastructure, talent and technology that they can tap into to maximize the impact of their CR programs.

Strengthen the supportive ecosystem

CR initiatives stand a better chance of remaining viable in the face of challenges, if companies cultivate a supportive ecosystem. Below, we describe several approaches.

Financially support innovation centers

Innovative ideas need testing for scalability and viability. Organizations can support such testing by funding creation of laboratories and prototyping centers. These centers could specialize in exploring, testing, implementing and scaling innovations quickly. Financially supporting such centers also helps ensure continuity in research, which is more sustainable than funding innovative ideas one at a time, because they may result in technologies and methods that can leveraged across a range of social initiatives.

Drive creativity through competition

Companies can organize contests and campaigns that facilitate ideation of breakthrough CR ideas and solutions. They benefit, because ideas flow in from sources that companies would have had difficulty tapping into otherwise.

Identify potential innovators

Big ideas may well come from small startups. Organizations should actively scout incubators and tech parks to identify promising startups relevant for their CR program. Collaborating with entrepreneurs can help organizations locate promising and budding business ideas.

Help design effective government processes

Government counts among the biggest stakeholders for community development and can provide the supporting backbone that CR programs need to function at the community level. Government machinery is entrenched in local communities and has tremendous outreach that can benefit organizations seeking to execute CR initiatives. Indeed, more and more businesses are partnering with government to drive implementation of their CR programs.

Organizations can collaborate with district and state governments to ensure that CR efforts get replicated across broader areas. This is especially relevant for organizations that have gained a foothold in local communities and that can engage with local governments as well as get support from community leaders and members. Government can also support organizations by creating regulations that reduce the transactions costs of executing and scaling CR programs. In addition, enterprises can collaborate with government agencies to jointly define data-collection methods and parameters for government surveys. The result could be more consistent and representative survey data that will prove more useful to companies and government agencies alike.

Enabling environment

Immediate Action Agenda

Building blocks	Companies with no CR-exposure	Companies with moderate CR-exposure	Companies with extensive CR-exposure
Strengthen the supportive ecosystem	Work with small entrepreneurs to identify promising ideas	Explore funding for creation of CR-laboratories and prototyping centers. These centers could specialize in exploring, testing, piloting and scaling innovations quickly	
	Organize contests and campaigns facilitating ideation on breakthrough CR-ideas		
Help design effective government processes	Identify initiatives to collaborate with government towards achieving desired scale		Identify areas where your CR initiative will benefit the most with reduction of a transaction cost linked to government policy
	Collaborate with government agencies to jointly define tasks such as data-collection methods and parameters for government surveys		

Source: Accenture Analysis

Conclusion

The Companies Act 2013 has presented both a new mandate and new opportunity to Indian businesses. Moreover, a continuing expansion of the list of activities that would classify as CSR under the Companies Act, 2013, by the government, will facilitate sustained injection of funds into initiatives going beyond the traditional "social" dimension of corporate social responsibility.

While CSR may continue to dominate the CR journey of many corporations operating in India, largely due to limitations in the area of talent and institutional capabilities, in the long run, gaining from their experience, such companies will steadily embrace the CR paradigm.

This could be their opportunity to move away from a narrow vision of CSR to a broader vision of corporate responsibility comprising actions that will help create a people, planet friendly business environment enabling generation of socially responsible profits. An all-encompassing holistic view of corporate responsibility will usher in innovations, collaborations and organizational transitions that will make corporations commercially and socially viable in future.

The resulting flow of funding will position companies to help address India's most pressing societal challenges. Equally exciting, many of the CR initiatives that companies launch will generate forms of value that matter to businesses. Examples include development of new sources of talent, improved infrastructure in the local communities where companies are operating and entry into new markets for innovative products or services developed for CR purposes. Businesses that can capture such value from their CR efforts and use it to drive new growth will play a major role in shaping India's economic future.

It is therefore important for corporations to: (a) drive their respective CSR programs with greater impact; (b) build an organization capable of transitioning from the bylanes of corporate social responsibility to a wider, well-paved highway of corporate responsibility.

To achieve these twin goals, companies will need to adopt a high performance approach. Crafting a compelling CR vision is an excellent start. From here, defining a more holistic operating footprint and their differentiation strategy and backing these with distinctive capabilities will prove crucial. Finally, companies will have to build a performance culture within their organization while also tapping into and strengthening the external enabling environment.

Clearly, all this will involve considerable change—both within and outside a business's walls. But the upfront investment will be well worth it. By adopting a disciplined approach to making the necessary changes, companies can make an unprecedented contribution to India's future.

Annexure

Annexure-1: Global guidelines and standards influencing CSR/CR practices

Guidelines/Standards	Description
United Nations Global Compact	The UN Global Compact (UNGC) is a strategic policy initiative calling businesses to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The purpose is to ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. The UN Global Compact calls for companies to embrace support and enact a set of core values in the areas of human rights, labour standards, the environment and anti-corruption within their sphere of influence.[xxix]
The UN Guiding Principles on Business and Human Rights	The Guiding Principles on Business and Human Rights (Guiding Principles) were endorsed by the United Nations Human Rights Council on 16 June 2011. The principles function as authoritative global standard for addressing adverse impacts on human rights linked to business activity in the areas of their impact. They are set out as: principles concerning the duties of the State to protect human rights, the corporate responsibility to respect human rights, and access to remedy for victims of human rights abuse.[xxx]
International Labour Organization's (ILOs) tripartite declaration of principles on multinational enterprises and social policy	The ILO Governing Body adopted the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) in 1977. The principles laid down in this universal instrument offer guidelines to MNEs, governments, and employers' and workers' organizations in such areas as employment, training, conditions of work and life, and industrial relations.[xxxi]
Institute of Social and Ethical Accountability: AccountAbility's AA1000 series of standards	AccountAbility's AA1000 series address issues affecting governance, business models and organizational strategy, as well as providing operational guidance on sustainability assurance and stakeholder engagement. The principles-based standards help organizations become more accountable, responsible and sustainable. The AA1000 standards encourage integrated thinking required by the low carbon and green economy, and support integrated reporting and assurance.[xxxii]
OECD Guidelines for Multinational enterprises	The OECD Guidelines for Multinational Enterprises focus on responsible business conduct. The recommendations cover areas such as employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.[xxxiii]
Social Accountability International (SAI): SA 8000 Standard	UN Declaration of Human Rights, conventions of the ILO, UN and national law form the basis of the SA 8000 Standard. The standard spans industry and corporate codes to create a common language towards measuring social performance of business. The standard sets out the structures and procedures that companies must adopt in order to ensure that compliance with the standard is continuously reviewed.[xxxiv]
ISO 26000: Social responsibility	ISO 26000 is to guide businesses and organizations on how to operate in a socially responsible way as well as in an ethical and transparent manner towards ensuring businesses contribution to the health and welfare of society. ISO 26000:2010 provides guidance rather than requirements. Their purpose is to clarify what social responsibility is, help businesses and organizations translate principles into effective actions and share best practices relating to social responsibility, globally.[xxxv]
The SROI Network Principles	SROI is a framework based on social generally accepted accounting principles (SGAAP). It can be used to help manage and understand the social, economic and environmental outcomes created by activities or organizations.[xxxvi]
Global Compact Self-Assessment Tool	The Global Compact Self-Assessment Tool is designed for companies committed to upholding social and environmental standards in their operations. It helps evaluate the extent to which issues covered by the UN Global Compact principles are anchored in the company strategy and integrated in decisions and management systems. It is also designed to help the company assess its performance in relation to the four areas of the UN Global Compact. The tool is in line with the UN Guiding Principles on Business and Human Rights.[xxxvii]

Annexure-2: Metrics measuring partner contribution

Distinctive capabilities	Illustrative metrics to measure contribution of a partner

Value co-creation towards	• Operating footprint optimization
	  - Number of new areas, geographies added to operating footprint to enhance impact
	  - Number of redundant areas and geographies removed towards footprint optimization
	
	• Talent enhancement
	  - Number of people brought on-board to achieve the desired CR-impact across the operating footprint
	  - Number of trainings conducted/designed to enhance capacities of field and strategy team to deliver differentiated CR
	  - Talent retention models designed to stop talent leakage and enhance talent focus
	
	• Technology acquisition
	  - Development of cost effective technology platforms and applications
	  - Effective applications of existing technologies
	  - Bringing on-board new technology partners having the same social objectives/vision of change.

Win-win relationships to achieve	• Scale
	  - Enhancement in reach of existing projects across the operating footprint
	  - Development of new scalability models and methods
	  - Identification of new partners to achieve better scale
	
	• Sustenance
	  - New partnership models to deliver better CR-impact in collaboration with immediate beneficiaries
	  - Participation of hitherto non-participating/distant beneficiaries critical for generating better impact
	  - Elevation of trust within CR- beneficiaries and partners
	
	• Symbiosis
	  - Synergies beneficial to partner and the CR-team
	  - Tangible and intangible value created only as a result of this partnership which could not have been created otherwise

Collaborative organizational architecture to enable	• Flexible partnerships
	  - Quantum of improvement in information/knowledge sharing internally as well as across the CR partners and beneficiaries.
	  - Flexibility induced in the CR-operating model
	  - Improved impact-to-manpower ratio as a result of a flexible organizational architecture
	
	• Long-term relationships
	  - Improved internal collaboration
	  - Recognitions/Awards as a result of partnerships

Operational excellence	• Cost efficiencies
	  - Cost reductions achieved while enhancing better impact and scale
	  - New sources of cost efficiencies discovered
	
	• Impact excellence
	  - Impact delivery time reduction
	  - Better service, product quality improvements
	  - Effective and timely mitigation of risks
	  - Infrastructural improvements
	
	• Inclusive impact measurement
	  - Increased awareness among beneficiaries
	  - Development of new metrics of measuring impact and change achieved

Reference

i Exchange rate: 1USD = Rs. 62 for all calculations in chapter one

ii However, as of end-November 2014, the company's net profit would exclude any profit from its overseas branches or companies, as well as any dividend received from other companies in India.

iii Please note that this list is not exhaustive.

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viii Santosh Mehrotra, et al. (2013), "Estimating the skill gap on a realistic basis for 2022," IAMR Occasional Paper No.1, Planning Commission, Government of India. Downloadable at http://iamrindia.gov.in/epw.pdf. Accessed on September 12, 2014.

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x For more on ICICI Academy for Skills, see http://www.icicifoundation.org/read_more/4/22. Accessed on November 11, 2014

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xii For more, see http://www.customercare-cv.tatamotors.com/about/udaan-scheme.aspx and http://www.dailyexcelsior.com/nsdcs-udaan-candidates-jk-get-100-percent-placement/. Accessed on November 11, 2014

xiii Durgesh Nandan Jha (March 24, 2014), "Most drug-resistant TB patients in India: WHO," Times of India. Downloadable at http://timesofindia.indiatimes.com/india/Most-drug-resistant-TB-patients-in-India-WHO/articleshow/32576480.cms. Accessed on September 10, 2014.

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xv For more on Eli Lilly's effort, see http://www.lilly.com/Documents/Lilly_2012_2013_CRreport.pdf. Accessed on November 13, 2014

xvi For more on OSDD, see http://www.osdd.net/about-us/funding.

xvii Snob effect – demand for good or services having economic value but low practical value

xviii This statement has been downloaded from http://www.adityabirla.com/csr/overview. Accessed on September 29, 2014.

xix For more on the vision of the ICICI Foundation for Inclusive Growth, please refer to: http://www.icicifoundation.org/lombard?contype=3. Accessed on September 29, 2014.

xx To learn more, see http://www.imfa.in/index1.htm. Accessed on October 29. 2014

xxi A gram panchayat is local self-governance institution at the village level in India. The members of the gram panchayat have been referred to as "panchayat leaders" in our text. The gram sevak is an official communicator of various government schemes and works closely with the gram panchayat.

xxii Synergos (2012); "The Bhavishya Alliance"; Downloadable at: http://www.synergos.org/knowledge/12/bhavishyaalliancelegacyandlearning.pdf; Accessed on October 15, 2014.

xxiii Accenture (2013); "Skilling the demographic dividend of India"; Corporate Citizenship; Fiscal 2013 Review.

xxiv To learn more, see https://openideo.com/faq. Accessed on September 29, 2014.

xxv Vodafone (2014); "Footprints IV"; Vodafone India Sustainability Report; to learn more, see page 33 of the publication on the microsite: https://microsite.vodafone.in/vodafone_flipbook/. Accessed on November 18, 2014

xxvi To learn more, see http://www.acclimited.com/newsite/pdf/csr/Final_CSR_Corporate_brochure_060513_Low_res.pdf. Accessed on October 6, 2014.

xxvii To learn more, see http://www.tata.co.in/sustainability/articlesinside/Tata-Affirmative-Action-Programme. Accessed on October 6, 2014.

xxviii For more information on this initiative, see http://www.tatapower.com/sustainability/pdf/sustainability_report-13-14.pdf. Accessed on October 8, 2014.

xxix For more information, see https://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html. Accessed on November 7, 2014

xxx For more information, see https://www.unglobalcompact.org/issues/human_rights/the_un_srsg_and_the_un_global_compact.html. Accessed on November 7, 2014

xxxi For more information, see http://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm. Accessed on November 7, 2014

xxxii For more information, see http://www.accountability.org/standards. Accessed on November 7, 2014

xxxiii For more information, see http://mneguidelines.oecd.org/about/. Accessed on November 7, 2014

xxxiv For more information, see http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=937. Accessed on November 7, 2014

xxxv For more information, see http://www.iso.org/iso/home/standards/iso26000.htm, Accessed on November 7, 2014

xxxvi For more information, see http://www.thesroinetwork.org/. Accessed on November 7, 2014

xxxvii To learn more, see http://www.globalcompactselfassessment.org/aboutthistool. Accessed on November 7, 2014

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About FICCI

Established in 1927, FICCI is the largest and oldest apex business Organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies. FICCI has contributed to this historical process by encouraging debate, articulating the private sector's views and influencing policy. A non-government, not-for-profit organization, FICCI is the voice of India's business and industry. FICCI draws its membership from the corporate sector, both private and public, including SMEs and MNCs and enjoys an indirect membership of over 2,50,000 companies from various regional chambers of commerce, as also from its 70 committees, task forces and working groups across sectors.

FICCI believes that today's youth are tomorrow's leaders and hence it is of utmost importance that the young demography of India is reflected effectively by involving the youth in policy deliberation. Keeping this in mind, the FICCI Young Leaders (FYL) was set up in 2010 with a core group of first, second and third generation young entrepreneurs and professional leaders across sectors to strategize activities that would attract young business leaders to FICCI.

In 1995, FICCI established the Socio-Economic Development Foundation (FICCI-SEDF) for promoting Corporate Social Responsibility (CSR) among FICCI members. The FICCI Aditya Birla CSR Centre for Excellence was set up with the support from Aditya Birla Group.

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