

LEVERAGING ON PUBLIC – PRIVATE PARTNERSHIP AND POLICY IMPERATIVES

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Background

In India enhancing the health status, disease control, providing education, ensuring safe water and sanitation, rural development etc. has been the mandate of the Government and also an expectation of the public. Over the past few years some of the corporates have strongly started realizing the need to be more accountable to the society. The strong and dynamic private sector with the boom of multinational investors is best placed for community development initiatives. It is a passion for some companies, some are beginners, some are already business excellence models, integration of social and business goals are in transition, but this needs formalizing and channeling to take it forward and make a difference.

Community development initiatives are increasingly seen as the private sector's approach of integrating the economic, social and environmental imperatives of their activities. It synergizes the efforts of corporates and social sector agencies towards sustainable growth and development of societal objectives at large.

Corporates in India have come a long way from the time when companies merely gave donations to charity to the present time, when several companies have fully integrated social goals with their business goals

They have further focused on some of the following areas of social development

- Community development
- Disaster management
- Education and literacy
- Health and population, with special focus on HIV/AIDS
- Physical challenges
- Vocational training
- Empowerment of women
- Sustainable – livelihood programmes.

World over the trends in business houses' involvement in community development initiatives is much higher as compared to that of India. Nonetheless, in India the private sector is increasingly been seen as potential partners by the Government, Confederation of Indian Industries (CII) and local, national and international organizations. The present paper highlights some such initiatives which indicate that concerted efforts are being made by the Government and other partners to motivate and involve the corporates into social development activities.

Objective of the Study

Gain insight into the role played by the corporates/ private sector towards community development initiatives.

Approach Adopted

Review through internet, available literature, discussions and analysis of Nielsen Corporate Image Monitor

Some examples of Private Sector Involvement in Community Development Initiatives

Though in India there is huge number of corporates that are involved in community development initiatives, some of the corporates that are more actively involved in such activities are presented here.

Ranbaxy	A team of medical professionals with a fleet of well equipped mobile clinics, accords high priority to serious medical issues of Maternal Child Health, Family Planning and Reproductive Health, Education & Awareness on AIDS. ¹
Infosys	"Project Jyoti" empowers women and rural communities through Outreach Programs. ²
Tata steel	Tata Steel is a pioneer in community development initiatives. The company has received a number of awards in recognition of its efforts. The most recent testimony to Tata Steel's contribution is The Energy & Resources Institute. It has done remarkable work in the area of HIV/AIDS. ³
TCS	Social initiatives revolve around education and include alliances with universities, school-level computer education, and training of street children, adult literacy and computer training laboratory. ⁴
UNILEVER	Under Project Shakti in view of creating Rural Entrepreneurs is training 13,000 underprivileged Indian women to distribute Unilever products to 70 million rural consumers. The company is working with women's self-help groups, to teach selling and book-keeping skills and build commercial knowledge. The women who participate are able to double their household incomes. ⁵

¹ www.ranbaxy.com

² www.dgindia.com

³ www.tata.com

⁴ www.tcs.com

⁵ www.corporate-citizenship.co.uk

Citigroup	Empowerment of local community by developing and enhancing their economic vitality. ⁶
HSBC	Every year, HSBC awards two scholarships of USD 45,000 each to students admitted for undergraduate or graduate studies at Oxford, Cambridge or London Universities. ⁷
ICICI Bank	As one of the largest financial institutions in India, ICICI's overall mission has been to build the capacities of commercial entities and, thereby, enable them to become agents of economic change. It focuses on health issues. ⁸
L & T	Has made significant strides in community welfare with VIKAS - Village Improvement Know-how and Skills. This project strives to bring about progressive changes in villages around its cement plants. ⁹
Microsoft	Runs the "Child and Police Project", has set up "Computer Technology Training Centres" and "Mahila SEWA Trust", supports IDRC, is involved in empowering women and rural communities through information and communication technologies and helping create sustainable livelihood options. ¹⁰
Bharati Airtel	Higher education and development of telecommunication engineers and managers ¹¹
Larsen & Tubro	"Project Vikas"- Village improvement with respect to knowledge and skills ¹²
Forbes Marshall	Education ¹³
Gujarat Ambuja	Developing sources of drinking water, facilitating processes for appropriate cropping, managing water for irrigation ¹⁴
Mahindra & Mahindra	Developing schools ¹⁵
Tata Steel	Activities related to HIV/AIDS ¹⁶
Aditya Birla Group	Sustainable livelihood, health care, education, infrastructure. ¹⁷
ITC	Through e- chaupal – empowers over 3.5 million farmers to access crop – specific information, prevailing Indian and international prices, price trends, best farming practices, micro

⁶ www.IndianNGO.com

⁷ www.IndianNGO.com

⁸ www.IndianNGO.com

⁹ www.IndianNGO.com

¹⁰ www.dgindia.com

¹¹ www.dgindia.com

¹² www.dgindia.com

¹³ www.dgindia.com

¹⁴ www.dgindia.com

¹⁵ www.dgindia.com

¹⁶ www.dgindia.com

¹⁷ www.dgindia.com

	– level weather forecast, in their native village habitat and language. ¹⁸
Reliance	Constructed anti – sea erosion bund, water storage check dams. Has a mobile dispensary van for local tribals involved in educational and health initiatives ¹⁹

With such long standing contributions Indian companies need to be further sensitized towards social development issues in the right perspective, in order to facilitate and create an enabling environment for equitable partnership between the civil society and business.

Corporate sector is viewed as the key driver of economic impact. In 1970 it was estimated that the 20 percent of capital was from the private sector and 80 percent of the capital was from the Government sector. Today the scenario has reversed, with 20 percent of the capital is from the Government sector and 80 percent of the capital is from the private sector. It puts tremendous pressure on the corporates to meet high business standards. While the interest of any business enterprise has to be governed by the laws of economics, requiring adequate financial return on investments made, at the same time the operations of an enterprise need to be driven by much larger set of objectives. It arises from the fact that a business enterprise derives several benefits from society at large, which must therefore require the enterprise to provide returns to the society as well. Their motivation can be further guided by the view that while the interest of any business enterprise is towards financial returns, a business can not succeed in a society that fails to attain the desired level of social and economic fabric. This therefore clearly establishes the stake of a business organization in good health and well being of a society of which it is a part. More importantly, in this age of widespread communication, consumerism and growing transparency, customers of any product or service are unlikely to feel satisfied in buying from a company that is seen to violate the expectations of ethical and socially responsible behaviour. Therefore it is likely that companies that pay genuine attention to the principles of socially responsible behaviour are also favored by the public and preferred for their goods and services thus leading to financial gains of the company.

It is estimated that by the year 2020 advertising expenditure of various kinds of companies round the world would total to about \$ 2 trillion annually. The figure currently is about one quarter of this estimate. This means that companies are likely to spend substantial amounts in advertising to promote their business interest. Expenditures on community development initiatives could be far more effective even in a business sense, and yet to go far beyond the purpose of advertising by receiving the trust of the society if these expenditures meet the very basic needs of the society in general. Hence, community development initiatives can actually help business in strictly financial terms.

¹⁸ www.dgindia.com

¹⁹ www.dgindia.com

Role of CII, UNDP and Government of India

The Confederation of Indian Industry (CII) as a non-government, not-for-profit, industry led and industry managed organization has the key mandate to catalyse industry's involvement in India's social development agenda. In an effort to further sensitize the corporate sector towards social development, CII has been organizing a Social Summit every year (since 1998). The role of the council is to initiate and implement projects and programs under various schemes of the Government of India and to provide necessary assistance and guidance to strengthen such initiatives of industry. CII set up the Social Development Council (SDC) in 1995 to;

- ensure that the benefits of the economic reforms and industrial growth are available to the people living with poverty and without employment,
- facilitate the image of the industry as a concerned group for holistic community development, and, build-up strong partnership across the sectors for better governance, accountability and empowerment.

The above objectives are carried out through;

- Sensitizing industry on social development
- Defining the impact of social responsibility on business
- Channeling the economic benefits to reach the un reached

SDC works closely and in partnership with the Government of India, multilateral and bilateral agencies, and other civil society organizations on various innovative projects and programmes. CII and UNDP have also set up the India Partnership Forum (IPF) to promote such initiatives of the corporates. To motivate more and more companies to sign up for the Global Compact (GC), CII and UNDP have brought out a Social Code for Business, which facilitates the operationalization of GC. The Government of India has been involving the private sector in various programmes like the National Programme for Control of HIV/AIDS, Revised National Tuberculosis Control Programme etc.

Feedback on Community Development Initiatives of Corporates through Research Initiatives of ORG Centre for Social Research (ORGCSR) (A Division of ACNielsen ORG-MARG Private Limited)

ORGCSR has carried out several studies for the private sector/ corporates, on various aspects of community development initiatives. Some of these studies have been;

- Social Audit of Community Initiatives, for Aditya Birla Group
- People's Perception on Corporates, for UNDP

- Need Assessment for Setting up Health Services in Haryana, Uttar Pradesh, Rajasthan and Uttaranchal, for Sir Gangaram Hospital
- Designing of Integrated Development Plan for Villages in Haryana, for Asahi Glass Pvt Ltd
- Behaviour Surveillance Survey of Truckers and Cleaners, for Usha –Martin Corporation
- Need Assessment for Project affected community surrounding Kathutiya Mine in Jharkhand, for Usha –Martin Corporation
- Mapping of Health Facility and Need Assessment Study, for Sir Gangaram Hospital
- Impact Assessment of CSR initiative in the area of Health and Education in Sonbhadra District of Uttar Pradesh, for Hindustan Aluminum Corporation

Research initiatives carried out has enabled the corporates/ private sectors to;

- prioritized activities on a composite index which enabled them to further focus their activities based on community needs.
- generate extent to which public feels that the corporates should get involved in community development initiatives, assess the community needs.
- develop integrated village development plan based on the needs of the community with respect to water supply, sanitation ,education, road network health services etc.
- identified locations for setting of health and other services

Nielsen Corporate Image Monitor (CIM)

Nielsen CMI is an annual tracking survey, conducted by the Nielsen Company, of how 20 top corporates are perceived by various stakeholder groups. This tracking is being carried out since 2000.

The respondents comprise of;

- Policy makers – Sitting MPs/MLA, bureaucrats
- Influencer groups – Media & NGOs
- Financial community – brokers, investment analyst, corporate banking professionals, senior executives in FIs and FII
- Investors – with portfolio of Rs 50,000 and above
- Talent pool – final year MBA and engineering students
- Corporate executives- with atleast three years of experience
- Corporate elite –senior executives in the top 150 corporates

Perceptions of 1,200 stakeholders across 7 cities (Mumbai, Delhi, Chennai., Kolkata, Hyderabad, Bangalore, Hyderabad) is captured through CIM.

The findings of this syndicated service indicate;

- Infosys, Tata Steel , Tata Motors, Reliance Industries, ICICI Bank rank at top with respect to community development initiatives
- Companies now more aware of their role in community development initiatives
- Maintenance of parks & roads, primary education , training were the top 3 initiatives carried out by the corporates
- Stakeholders expect more initiatives in the area of health development, rural welfare, poverty eradication
- Presently there is a gap in people's expectation and the community development activities carried out by the corporates.

Insights provided by CIM helps companies to prioritize their policies, chart future growth plans & bench mark image against peers

Conclusion

Such initiatives indicate that there is already a plan and concerted efforts are being made by the Government, CII and other partners to motivate and involve the corporates into social development activities. However, no organized efforts at the policy level have been made to set a mandate for the corporates or involve them in the developmental efforts. If corporate action is targeted towards the most fundamental problems facing a poor country like India, then the components of Millennium Development Goals, including water and sanitation, prevention of eradicable diseases can become a guidepost for the corporate social strategy and action.

Areas of Further Research and Action

Some of areas of further research that could be consider are ;

- Identify reach of corporates/private sector products in the rural/ under privilege communities and develop market based models to motive corporates into PPP
- Indentify factors that would motivate corporates to get involved into PPP
- Document best practices in PPP and disseminate such practices in a workshop mode

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