

not just a payback

Edited by

Meghna Arora Vishal Gupta





CORPORATE SOCIAL RESPONSIBILITY NOT JUST A PAYBACK





Wisdom Pulications Delhi

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PREFACE

The national seminar on "Corporate Social Responsibility: not just a payback" is organized by Babu Banarsidas Institute of Technology, Ghaziabad on 9th &10th April 2010. The objective of the seminar is to bring the knowledge of academicians, research scholars, industry experts on a common platform to deliberate on the current scenario of CSR with its possible future impact and suggest innovative ways and means for the project formulation, selection, possible threats and outcome by sharing their rich experience and domain expertise with a hope that the topic will gain more importance and understanding.

The papers emphasize rising significance of integration of business with philanthropic, environmental, social, ethical, legal, governance and economic liabilities through CSR practices along with various intrinsic and extrinsic stimuli.

The contributors have focused on assimilation of CSR practices with business sustainability and growth to attain overall human development in terms of education, health services, AIDS/HIV awareness, labour conditions and poverty alleviation, while remaining sensitive to prevailing religious, historical and cultural contexts. CSR practices must not be considered as challenges and dilemmas, and confined upto Developed economies, but it needs to be taken as an opportunity to access in International market by emerging, middle and low income economies through high standards and business models.

CONVENERS OF THE SEMINAR

Prof. H.K. Bhansali (Head, T&P Dept.)

Mrs. Meghna Arora (Prof. MBA Dept.)

ACKNOWLEDGEMENT

It takes combined efforts of many people to bring out a project into its final shape. Through this brief note, we express our gratitude to all those who have contributed directly or indirectly towards the completion of this project.

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We express our gratitude and sincere appreciation to all the authors for their contributions to the seminar. The diversity of thoughts of the authors has made this compendium a reservoir of knowledge and reference source for future researchers on the subject. We also express our sincere gratitude to the management, faculty, staff and students of BBDIT, Ghaziabad for their continued support in organizing the seminar and bringing our compendium.

--Editors

Mrs. Meghna Arora

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Role of Business-schools in Shaping Enterprise Social Responsibility (ESR) Amongst Micro, Small & Medium Enterprises (Msmes)

I. K. Kilam* Pooja Kapoor**

This research paper is based on UNIDO project. Authors are grateful to Mr. Sudhir Rana National Expert UNIDO, Mr. Victor Gambhir Pro Vice Chancellor MRIU, Dr. M. K. Soni Executive Director and Dean FET, MRIU and Prof. Naresh Grover Director FET, MRIU for having given the opportunity to take up this project and providing needed support and guidance to carry out the same.

Understanding the Relevance of the Project

Micro, Small and Medium Enterprises (MSMEs) play a crucial role in socio-economic development of India. The importance of this small sector as compared to Corporate Enterprises with regard to their contribution towards Indian economy can be best understood that they contribute about 40% of gross value of output, 86% in terms of employment in the manufacturing sector, and 35% of the total exports from the country. In this contextual setting, many of the firms in different sectors have evolved and are located as clusters. Clusters account for 77 % firms, 72 % employment, 61% investment, 59 % output, and about 76 % exports of small-scale industries in India. (*Source: Website Ministry of MSME, GOI*)

MSMEs have developed in the form of clusters at many places in India owing to various factors.

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Large numbers of MSMEs are also working as ancillary units of other medium and large enterprises. The working conditions including the pay packages in MSMEs are not normally up to the mark in spite of number of industrial legislations framed in India including Factory Act, Minimum Wages Act, Workmen's Compensation Act, Employee Provident Fund Act, Employees' State Insurance Act, etc. It is primarily due to use of primitive technology, lack of automation, lack of skilled and trained manpower, lack of market support, lack of quality awareness and cut-throat competition. Most of the MSMEs are small entrepreneurial ventures of individuals, who are supported by their family members in key positions. The profitability in MSMEs is normally very low due to which they fail to improve working conditions and pay fair wages to their employees. They also employ child labour to cut down the costs. Due to poor working conditions and low pay packages, highly skilled manpower specifically Engineering Graduates and Management Post Graduates keep away from MSMEs as their other competitors i.e. large Corporations and Service Sector offer much better working conditions and pay packages. It further reduces the competitiveness of MSMEs.

As per a recent study on 'Mapping of ESR Practices' in five Indian MSME clusters carried out by UNIDO-CDP, the responsible citizen related issues concerning this sector are as under:

- Poor Management system (ad-hoc approach);
- Environmental Degradation;
- · Polluting nature;
- · Child labour;
- Low wages to labour community;
- Long working hours;
- · Do not follow the minimum standard of labour welfare;
- Working environment;
- · Non compliance of regulatory norms;
- Poor Health & safety at work place;
- · Lack of skilled manpower;
- Poverty;

But the biggest problem with MSMEs in India and to that matter in developing countries is that nothing is known about what and how they take care of their responsible citizen issues such as employee's well-being, workplace issues, environmental quality enhancement, community development and stakeholder involvement for social responsibility.

MSMEs are so burdened with their internal problems and concerns that they do not pay heed to their Enterprise Social Responsibility. It is critical to carry out investigation about the extent of awareness about ESR amongst MSMEs for which Business Schools can play a vital role. It is also important to assess as to what extent the curricula prescribed by the Business School addresses to the needs and requirements of MSMEs. Students, Faculty and Policy Makers dealing with carving out the curricula are the main stake holders in management education, who are to be trained to deal with the specific problems and concerns of MSMEs so that they could handle their responsibility well. It is, therefore, necessary to assess whether they are aware about the needs, requirements, concerns and problems of MSMEs.

This research project is precisely aimed at carrying out primary and secondary research to assess the extent, quantitatively and qualitatively, to which the curricula prescribed in Indian Business Schools meets the needs and concerns of MSMEs. The study also examines the level of awareness amongst students, faculty members, administrators and policy makers of Management Education about the requirements and concerns of MSMEs and finally the advocacy with and dissemination of the research output to the stake holders. Through the present study, an effort has also been made to understand the role of Business-schools in shaping Enterprise Social Responsibility (ESR) in MSMEs in India. This paper is targeted at the Policy makers, Administrators, Faculty members & Students of B-schools, as also towards the MSMEs, B-schools policy think tanks, MSMEs' research organizations, Ministry of Finance, Ministry of Commerce, Different Organizations dealing with development of the MSME sector, MSME's cluster development agencies, Business organizations such as FICCI, Chambers of Commerce & Industries, etc. who are concerned with the issue of CSR/ ESR. The above-mentioned audience has been chosen due to the fact that these institutions/ organizations directly and indirectly influence Business-schools and MSMEs. We expect from our readers/listeners that they would come up with some cogent views on the subject related to ESR in MSMEs so that it facilitates all concerned to adapt to the Enterprise Social Responsibility thereby leading to inclusive growth and further research on this subject.

MSME'S ESR AND ITS B-SCHOOL LINKAGES

The Business Schools/ Management Institutions are the most appropriate nursery for shaping and developing management graduates for MSME sector and who possess integrity and ethical standards, a deep sense of social responsibility, a commitment to the up-liftment of their communities, understanding, protection and sustainability of the environment, and improvement of the people's quality of life.

- The Business Schools/ Management Institutions are in a position to develop case studies
 on best ESR practices relevant to the Indian scenario. While doing this the students gain new
 insights into the MSME sector and walk away not only with tools but also with a clearer
 sense of their role as drivers and facilitators of positive change in their workplaces, families
 and communities in the way they do business.
- The Business Schools/ Management Institutions have a social responsibility to produce managers who will endeavor to humanize the MSME sector, understand the ethical implications of every business decision, and feel personal responsibility for their workers.
- They are better placed in providing a leadership role in setting and advancing the MSME's ESR agenda by taking up the research work on issues relating to ESR.
- The Business Schools/ Management Institutions can provide a leadership role in setting and taking forward the MSME's ESR agenda by giving due weightage to issues concerning social responsibilities in MSMEs.

Change is surely in the offing as more and more students demand a more realistic, engaged curriculum and as businessmen realize they cannot skirt social aspects of their work. I I M Lucknow, for one, adopted a village in 2006 and enabled its students to engage in developmental work there, and some business schools are beginning to rework their courses to accommodate social changes. All in all, there is a positive relationship between the MSMEs & the B-Schools & they complement each other. In the context of Enterprise Social Responsibility as well, the management

graduates from B-Schools are better sensitized and their contribution in tackling such responsibility at their own level, at the level of MSME promoters / owners and the executive staff as a whole, is indeed meaningful & needs to be further nurtured.

METHODOLOGY

Objectives of the Study

- A. To assess awareness about the understanding of MSMEs significance in India's economy, at the students, faculty and management level of Business Schools/Management Institutions.
- B. To increase business awareness of and support to, the ESR agenda in B-Schools.
- C. To assess awareness about the understanding of MSMEs' ESR –Issues of Concern at the level of students, faculty and management of Business Schools/Management Institutions.
- D. To assess the extent to which present curricula of Indian Business Schools addresses the needs and concerns of MSMEs and to promote and deepen the mainstreaming of ESR into the core curriculum of management education.
- E. To provide ESR knowledge platform for Business school students.

RESEARCH PROCESS INVOLVED

Phase-I: Conducting Secondary Research

Process

- 1. Discussing the aims and objectives of the study with six teams of two students each drawn from MBA 2nd semester under the supervision of three faculty members heading these teams for arriving at a common strategy.
- 2. Collecting curricula of autonomous B-Schools and affiliating Universities from Internet or personal contacts.
- 3. Discussing methodology of assessing the status whether the curriculum caters to the need and requirements of MSMEs in terms of quantification and indicators.
- 4. Analysis and findings of the data collected.
- 5. Preparation of a report of quality and quantity of curricula, which caters to the ESR/CSR needs, and requirements of MSMEs.

Sampling

- (a) Sampling Frame: The sampling frame chosen was five autonomous Business-schools and eight Business-schools affiliated from Universities.
- (b) Sampling Method: The data for the secondary research was based upon the curricula of M BA of autonomous Business-schools and Universities.
- (c) Study Sample and their Criteria Justification: Curricula of five autonomous Business-schools and eight Business-schools affiliated from Universities were taken for the analysis of quantity and quality of issues concerned with small and medium enterprises. By & Large, a random selection of Universities & B-Schools has been made. The main criterion kept in mind was to take a mix of a few top schools and middle level institutions. We could have picked up a little larger sample, but keeping in view the time available to us to complete the study, sample size was restricted.

A list of five autonomous Business-Schools is following:

- I. International Management Institute, Delhi
- II. Indian Institute of Technology, Kanpur
- III. Indian Institute of Technology, Delhi
- IV. Indian Institute of Foreign Trade, New Delhi
- V. Institute of Technology and Management, Ghaziabad

The eight Universities taken for the study is as under:

- I. Pune University, Pune
- II. Anna University, Chennai
- III. Karnataka University
- IV. Guru Nanak Dev University, Amritsar
- V. Rajasthan University
- VI. Maharishi Dayanand University, Rohtak
- VII. GGS Indraprastha University, New Delhi
- VIII. Jamia Milia Islamia, New Delhi

Phase-II: Conducting Primary Research

Process

- 1. Discussing the aims and objectives of the Primary Research with six teams of two students each and the three faculty members heading these teams for arriving at a common strategy.
- 2. Preparing separate questionnaires for students, faculty members, administrators and policy makers responsible for framing curricula for B-Schools to assess their awareness of the subject of this research project.
- 3. Collecting the responses from about 500 students, 100 faculty members and 50 administrators/policy makers responsible for framing curricula for MBA/PGDBM, drawn from 50 B-Schools including affiliated and autonomous colleges.
- 4. Analyzing the responses using statistical/mathematical tools to draw inference of the responses on the national scene.
- 5. Preparing a report/conclusion on the basis of responses and their analysis and presenting the same to UNIDO for perusal and further necessary action.

Sampling

- (a) Sampling Frame: The sampling frame for the primary research included interviews and responses from students, faculty members and administrators/policy-planners of management institutions affiliated from Universities and autonomous Business-schools.
- (b) Study Sample and their Criteria Justification: A total of 700 students, 100 faculty members and 30 administrators/policy makers were taken for the primary research. We developed a linkage through students and faculty and got questionnaires answered. Most of the responses were drawn from Delhi, NCR and Haryana. We received some responses from Management Institutions other than these areas also through Internet and personal visits.

Phase-III: Consultation Process of the Brain Storming Session

A participatory brainstorming session was held at CITM on 24th October 2008 to discuss the subject, "Role of Business-schools in shaping Enterprise Social Responsibility amongst MSMEs" threadbare and to come out with concrete and implementable recommendations.

Process:

It was a one-day program organized and managed by CITM's Department of Management studies. The whole symposium was divided into following phases.

- Background, opening session & research report presentation
- Technical session I views from participants
- Technical session II views from participants
- Open House Discussion
- Summing up of proceedings

KEY FINDINGS OF THE RESEARCH STUDY

- There are some major and critical ESR related areas, which are either not covered at all or
 inadequately covered in the curriculum of B-schools and Universities. These areas are
 'Pollution Control', 'Waste Disposable and Management', 'Discrimination', 'Human Rights',
 'Health and Safety Environment', 'Working Hours' and 'Poor Management System'.
- While there is some reasonable coverage on CSR with special reference to Corporate Sector, in so far as MSME sector is concerned, the coverage of ESR related topics is grossly inadequate. Social responsibility issues concerned to corporate sector have been rather identified in the curriculum of Management institutions, however, small sector entrepreneur issues are not focused properly in Management institutions curriculum coverage.
- It has been observed that management curriculum has some indirectly related subjects/ topics on CSR/ESR.
- On the whole, while studying the management syllabus of universities and B-schools we
 did not find any dedicated/exclusive subject on CSR/ESR except for certain topics/sub
 topics here and there.
- There are certain units in the curriculum of management institutes on small and medium sector but their problems and challenges have not been adequately covered. It further depended upon the lecture delivery content of the faculty as to what extent they cover the ESR aspect related to MSME sector, before the B-School student.

FEEDBACK FROM THE CONSULTATION PROCESS

- Though some CSR related areas are taken up by Business-schools in their curriculum yet there is a need to include sufficient matter related to ESR, specifically for the small sector.
- B-schools have to identify their social obligations, which would set as a role model for others.
- Competitive development strategy should be introduced to inculcate the ESR habits in students.

- Case studies and practical examples of small and medium sector should also be part of teaching content.
- Institutes can adopt a nearby village and develop it by initializing some MSMEs with the
 help of administration, faculty, students and some other local institution. Then it can assess
 after a particular time what are the ground realties, what can be done and what is to be done?
- As students of management, they should be directed towards the application of management practices in MSMEs and can be graded further by their achievements in this area.
- MSMEs should be educated about CSR/ESR because unless they know the importance, they will not implement the same.
- For B-schools, there should be site-visits so as to have a regular interaction of industry
 people/ entrepreneurs with the students and faculty. Further, B-schools should take ideas
 from industry, apply the concepts and transform them into workable course & syllabi. Bschools should devise a two-way communication channel and faculty should be called from
 industry or big corporates for changing the perception of students.
- There was a major discussion on MBA curriculum objectives. Every B-schools, institutes & universities should convey its MBA curriculum objectives for the holistic development of the MBA students, who become not only efficient management professionals but also socially responsible managers and citizens.

OUTCOME OF THE POLICY LEVEL CONSULTATION

The policy document includes the following given points to promote ESR through B Schools in MSMEs

At the level of Ministry (HRD Ministry Level, GOI and at Education Ministry of State Govts.)

- It should provide due support, direction & financial aid to promote such type of projects which are related to ESR/CSR, Community Development and sensitize students, faculty & all stakeholders.
- Education Ministries can take steps to direct B-Schools to include some topics or chapters on ESR related matters in the curricula of different courses.
- HRD Ministry can undertake some ESR projects & community development programmes and involve the B-Schools, their students & faculty members.

At the level of Regulatory Authority (AICTE/ AIMA/ UGC, etc)

- Certified agencies ranking Management Institutes should also include socially responsible behavior of the B- Schools in their grading criterion. They must formulate some necessary measurement system based on ESR/CSR activities to be followed by these institutes.
- Certain amendments are required to be carried out in the overall curriculum of B-schools.
 Specifically, areas related to small and medium entrepreneurs, their ESR areas, challenges, significance in economic development and opportunities should be adequately covered in the course modules.

- Financial support and grant system for these management institutes must be liberal and these must be based on some obligatory or mandatory issues related to social responsibility.
- The techniques of designing the syllabus & the way of developing the curriculum need to be re-evaluated so as to include socially responsible issues and factors.
- There must be an overall awareness about CSR/ESR and policy planners & administrators must themselves be fully sensitized towards social responsibility areas.

At the level of Management Institutes

- Management institutions need to develop a system to support and enhance awareness among
 whole environment of ESR parameters by MSMEs. They must contribute towards the
 community development.
- These B-schools and institutions should build capacities to conduct social and environmental related projects.
- Awareness should be developed among students about ESR/CSR and significance of MSMEs
 in the socio-economic development of India. Particularly the ground realities of small and
 medium sector should be brought in focus before the B-School student community.
- They must create a socially responsible environment in their institutes by adopting such regular practices as conducting workshops, seminars, and research projects on social responsibility areas. Social responsibility activities should be well formalized and defined in the programme schedule of the institutes.
- Whole personality of a student should be professionally developed as a socially responsible citizen.
- More interaction of faculty with small and medium enterprises- their owners, executives and groups / associations.
- Introduction of some compulsory or obligatory system within faculty development programmes in which they can interchange their work with industry experts for some period to gain relevant exposure and be able to handle ESR related issues better.
- Faculty engagement in research projects on ESR/CSR issues and compulsory involvement of students in such type of projects.
- Faculty participation in seminars, workshops, debates & consultative symposiums on ESR/CSR related.
- Community service should be made either mandatory or obligatory but there should be proper platform available where they could indulge in such kind of activities.
- Students should be involved or engaged in projects related to community development, social responsibility in small sector or such related subjects. Students should get some kind of appreciation for handling CSR/ESR related projects successfully through a suitably designed grading or ranking system.
- Students should take up certain live projects with MSMEs to help them in carrying out heir ESR agenda. Certain guidelines can be given to them to actively participate in such projects.

2

CSR: EMERGING ISSUES AND CHALLENGES

Chitra Bajpai* Lata Singh**

Abstract

Karl Marks rightly said that, "Business is all green, only philosophy is grey". It means that the owner of business is only concerned with profit and they are not concerned with the other practices made by them and the repercussions of it on the society. The Darwin theory is applicable in all the businesses i.e. "Survival of the fittest". In today's scenario many new areas are being worked by the corporate houses to survive successfully in the market. The one of them is corporate social responsibility. This paper is focused towards the strategies of corporate social responsibility being adopted by organizations in today's scenario.

The concept in today's scenario has been converted in to charity, which is basically spoiling the spirit of CSR. The philosophy of CSR is not to do the charity but to share the responsibility in welfare state. The objective of this paper is to identify the emerging issues in CSR. The other objective of this paper is to identify the hurdles being faced by them & the solutions to deal with such hurdles, if any. Now survival of fittest is not only a challenge another challenge is sustainability of the organizations in the terms of Corporate Social responsibility. This Research paper is an attempt to handle few above mentioned issues

Key words: Darwin theory, sustainability, CSR, Welfare state, Hurdles

Introduction

Corporate social responsibility is companies acting voluntarily and beyond the law to achieve social and environmental objectives during the course of their daily business activities. The various

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