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Creating a sense of collective responsibility among corporations is key: Shashank Shah

Shashank Shah, a visiting scholar at the Harvard Business School, speaks about how geography impacts corporate social responsibility, and why CSR is not just about money

Shashank Shah says socio-economic situation in a countries sets the agenda for CSR. Photo: Ramesh Pathania/Mint

Shashank Shah, a visiting scholar at the Harvard Business School, wears multiple hats including that of an author and editor-in-chief at Harvard University Postdoctoral Editors Association. His work at the Harvard University South Asia Institute focuses on a collaborative project with the Tata Trusts on Livelihood Creation in India Through Social Entrepreneurship and Skill Development. In his book Soulful Corporations: A Values-Based Perspective on Corporate Social Responsibility published in 2013, Shah emphasized that corporations need to redefine themselves and their purposes to create long-term, sustainable solutions. In his 2016 book Win-Win Corporations: The Indian Way of Shaping Successful Strategies, he examines why companies should work keeping in mind the well-being of all stakeholders including customers, employees, investors, or even society at large.

Shah was in Delhi recently and spoke in an interview about how geography impacts corporate social responsibility (CSR) agenda, why CSR is not just about money and why getting the top management involved in CSR is a masterstroke. Edited excerpts:

How is CSR carried out in various countries?

CSR has very distinct connotations in different parts of the world. This has a lot to do with the socio-economic situation in each of those countries. In countries with insufficient government funding for health, education and water supply, a company's CSR activities in these areas would be far more relevant and value-adding than activities purely focused on reduction of carbon footprint to tackle global warming challenges. India, select countries in Latin America and South Asia fall in this category. In the Nordic countries, and select countries from the European Union, where there are well-established social security programmes for citizens, and the lowest poverty levels in the world, companies need to lay greater emphasis on greening their supply chain, and producing and promoting environmentally responsible products. Most Scandinavian and West European countries consider CSR to be synonymous with sustainability. Corporations desirous of working in countries with socialist governments such as Uruguay, Argentina, Bolivia, Paraguay and Venezuela, need to have their CSR programmes focused on poverty reduction, protection of the natural environment and providing water supply through extensive community engagement. For local and multinational companies in China, CSR initiatives are focused on reduction in air, water and noise pollution; devising alternative means of power production than those purely dependent on coal; and developing broad-based environmentally responsible corporate strategies. In the US, the focus of most corporations is on creating shared value.

Is CSR not just an unspoken tax on corporations?

The point to note and reiterate is that the involvement of corporations in the inclusive growth and development of India is desirable. By their very constitution, companies have the scale of resources—financial, technological, intellectual and human—to make a positive difference to the lives of people. The corporations attract the best of human capital from the country's education system. More than the funds, it is the use of this knowledge and skills, and the virtues of efficiency and effectiveness that the private sector can bring to social welfare that far outweigh the economic contribution.

I believe the primary objective is to create a sense of collective responsibility among corporations.

Does it help the cause of CSR if top managers are personally involved?

As Venu Srinivasan, chairman of TVS Motor Co. once told me, CSR is the function of the CEO. The greatest advantage of the Indian legislation is that it has brought CSR discussions into corporate boardrooms from a peripheral public relations activity. The Act has kind of forced India Inc. to think, and think hard, about effective and efficient investments in societal well being.

While adopting CSR, many companies face implementation challenges. What are the three or four key things to keep in mind to avoid these?

Identify a core area that a company wants to contribute to and then delve deeper. This would help move the needle in that space over a long term. Develop a rigorous multilayered selection process for NGO partners that resonate with the company's vision and mission. This would lead to greater synergies and focused output in the long term, rather than trying a new NGO every year. Build capacity within partner NGOs. Most social sector organizations have immense passion and commitment to purpose. However, they lack the implementation rigour of large corporations. Their existential focus remains on fundraising and reporting. It would be mutually beneficial to invest in training them on simple management concepts. Corporations tend to invest in fancy CSR projects, which may have little to do with their core competence. It would do them immense good if their CSR projects resonate with their larger identity. For example, in my book Win-Win Corporations I have elaborated how the Taj Group of Hotels have invested substantial efforts and resources in livelihood training connected with the hospitality sector.

Any suggestions that you think can help CSR law become more effective in the coming years?

India has to transition from a purely philanthropy-based approach to CSR, to an empowerment-based approach to CSR, where the beneficiaries are economically empowered to take care of themselves and their families.