

"Moving from 'Transactional CSR' to 'Strategic CSR': Shift in strategy and programming"

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# What is Transactional CSR

- Let's first understand the difference between CSR, Philanthropy and Charity – Indian context
- Transactional CSR is unstructured charity and philanthropy without making a sustainable impact
- Transactional CSR is not inclusive; does not create social value and social capital

## **Why CSR is transactional**

- Our understanding of CSR
- CSR Law – Definition, comply or explain clause, schedule VII
- Drivers for CSR – the narratives
- Company focused CSR; it is not community/society focused
- Glorification and glamorisation of CSR to Marketization and Commercialisation

# Who is responsible for Transactional CSR

Is company alone responsible?

Stakeholders are responsible

- Government
- NGOs
- CSR Managers
- Agencies – consulting, rating, award giving
- Media

FY 2014-15

FY 2015-16

FY 2016-17

**9565**

13828

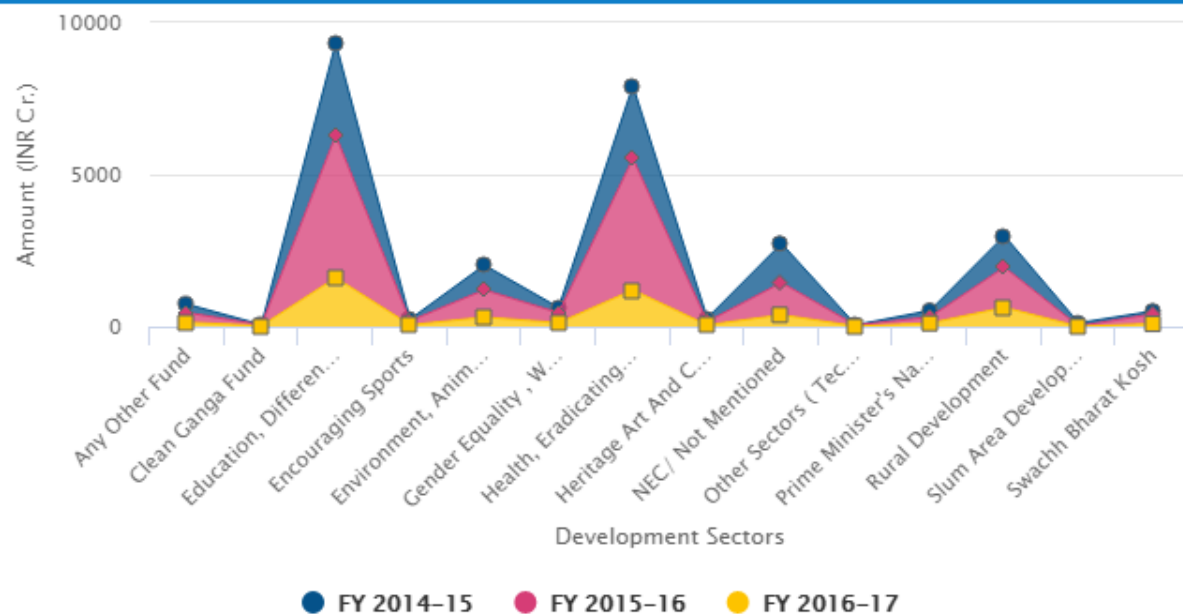
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Total Amount Spent on CSR (INR Cr.)

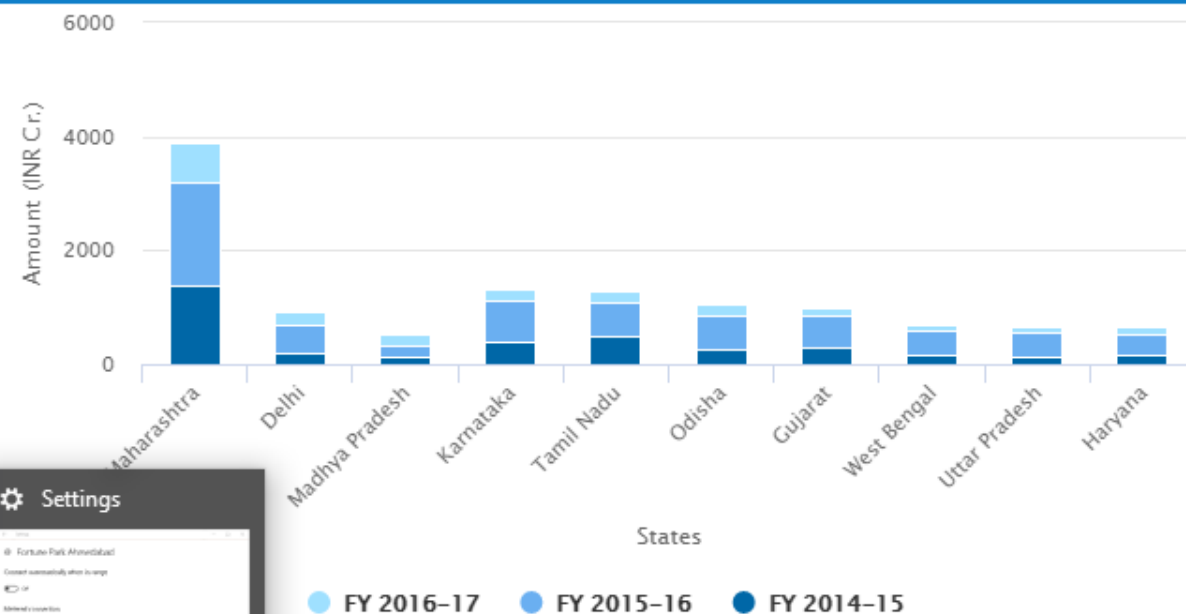
Total Amount Spent on CSR (INR Cr.)

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### CSR Spent: Development Sector-wise



### CSR Spent: Top 10 States



# Strategic CSR

CSR must surely be about **reciprocal relationships** that deliver **social value** throughout the ecosystem. It must be about a **mutually beneficial** and **mutually reinforcing strategic relationship between a company and the society** that it interacts with and impacts on ie the local community; or parts of the globe where a company transacts business.

Adding a social dimension to the value proposition and understanding **inside-out and outside-in linkages** is strategic CSR, which results in the contemporary organisation being able to impact positively on society, rather than merely dishing up PR and marketing hype.

# Transformational CSR?

“Besides **mitigating negative impacts and externalities** of companies on the environment and stakeholders as a primary responsibility, ***'Transformational CSR'*** promotes **inclusive development** that seeks businesses to work towards bringing permanent change in 'conditions' that deny people their **'rights'** to have **equal access to knowledge, economic opportunities, quality of life, and democratic process.**” – CSR Inc

# Shift in strategy & approaches

## CSR Strategy in practice

- Trade off for winning licenses
- Risks/threats mitigation or management
- brand visibility or reputation
- Compliance

## Ideal CSR Strategy

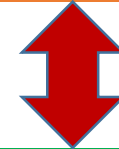
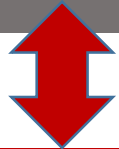
- Mitigation of negative impacts and externalities
- Creating social value and social capital
- Inclusive development
- Making communities resilient

## Approaches to CSR in practice

- Reactive
- Piecemeal & fragmented
- Unstructured
- Short term
- welfare

## Ideal Approaches to CSR

- Proactive
- Long term
- Partnerships
- Transformational



# Emerging trends in CSR?

Shareholders to '*stakeholders*'

Charity to '*strategic philanthropy*'

Voluntary to '*mandatory*'

'Fair weather approach' to '*institutionalizing CSR into core business practices*'

'Social Mask' to '*integrating it into DNA of the Business*'



Thank you....

# Moot questions?

- What happened in CSR domain after the introduction of a new law on CSR section? Did approaches to CSR change post-2014?
- Is CSR meeting the expectations of stakeholders, especially the people who needed the services the most?
- Did the new CSR law help companies understand CSR well?
- Does CSR as philanthropic responses of companies have the potential to transform the development landscape?
- Should there be a law to govern social responsibility?
- Is CSR law progressive or regressive?
- Who should CSR benefit - companies or the poor?
- What should be the drivers for CSR – companies benefit or impact mitigation?
- Aren't stakeholders of CSR such as consulting agencies, governments, NGOs, CSR managers and other agencies driving the CSR agenda to their convenience and benefits?

- **Social value** is the quantification of the relative importance that people place on the changes they experience in their lives. Some, but not all of this **value** is captured in market prices. It is important to consider and measure this **social value** from the perspective of those affected by an organisation's work.
- **Social capital** is a form of economic and cultural capital in which social networks are central; transactions are marked by reciprocity, trust, and cooperation; and market agents produce goods and services not mainly for themselves, but for a common good.