



QUALITY

Striving for Excellence

National Centre for Quality Management

Vol. VI

May-June 2008

No. 2

President's Page

Attention to Social Responsibility



Every single economy is based on a functioning society. All of us are a part of this society and we need to assume the basic responsibility of serving the societal needs, going well beyond the business demands.

As defined by Philip Kotler and Nancy Lee, corporate initiatives are major activities undertaken by a corporation to support social causes and to fulfil commitments to corporate responsibility.

Leading corporates world over and their group companies are not only institutionalising the societal initiatives within their operations, but also integrating them into various functions across their activities. Experience shows that while it is the top management which is making its social commitment conspicuous, the

movement gets sustained only when it is accepted at all levels of the organisation, and is systematically and structurally managed with appropriate measurements. In those companies where it is passionately adopted by all levels of employees, the societal focus is proving to be highly conspicuous.

Absence of continued commitment is producing only knee-jerk approaches and results. When that happens, organisations need to introduce appropriate and adequate course corrections, and make conscious efforts to ensure that the focus sustains.

Without exception, organisational excellence models the world over, whether Baldrige or European, or those nationally developed and institutionalised like CII-Exim, or IMCRB Award are providing necessary framework to deal with

(Continued on page 12)

Our next issue is on 'Management Tools and Techniques'

Corporate Social Responsibility

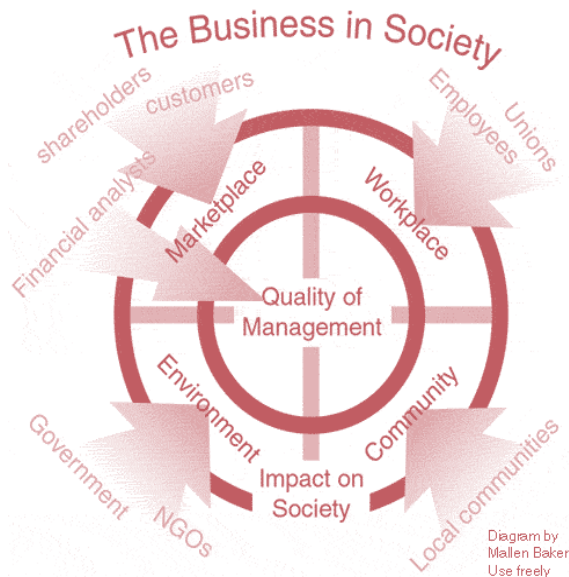
CONTENTS

	<i>Page no.</i>	<i>Page no.</i>
President's Page		
Attention to Social Responsibility	1	Management Systems for Organisational Excellence — Corporate Social Responsibility
Towards Sustainable Business — ISO and Social Responsibility	2	9
— <i>Dr. Divya Singhal</i>		— <i>Dr. Divya Singhal and K. R. Singhal</i>
Quality, Culture and Social Responsibility Approaches	5	Corporate Social Responsibility — Survey Report
— <i>Navin Shamji Dedhia</i>		10
		NCQM News
		13
		C S R — Corporate Social Responsibility ..
		14

Towards Sustainable Business — ISO and Social Responsibility

Dr. Divya Singhal[†]

Corporate Social Responsibility (CSR) is necessarily an evolving term that does not have a standard definition or a fully recognised set of specific criteria. With the understanding that businesses play a key role in job and wealth creation in society, CSR is generally understood to be the way a company achieves a balance or integration of economic, environmental, and social imperatives, while at the same time addressing shareholder and stakeholder expectations.



The World Business Council for Sustainable Development, in its publication 'Making Good Business Sense' by Lord Holme and Richard Watts, used the following definition. 'Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'.

One thing that is for sure — the pressure on business to play a role in social issues will continue to grow. Over the last ten years, those

[†] Assistant Professor, Goa Institute of Management, Goa.

institutions which have grown in power and influence have been those which can operate effectively within a global sphere of operations. These are effectively the corporates and the NGOs. Those institutions which are predominantly tied to the nation/State have been finding themselves increasingly frustrated at their lack of ability to shape and manage events. There is a growing interest, therefore, in businesses taking a lead in addressing those issues in which they have an interest where national governments have failed to come up with a solution.

Keeping this in mind, ISO is now developing standards that address the human aspect. ISO has recently launched development of the future ISO 26000 standard providing voluntary guidance on Social Responsibility (SR). ISO 26000 will add value to existing initiatives for Social Responsibility by providing harmonised, globally relevant guidance based on international consensus among expert representatives of the main stakeholder groups and so encourage the implementation of best practice in Social Responsibility worldwide.

What is ISO 26000 ?

ISO 26000 is the designation of the future International Standard giving guidance on Social Responsibility (SR). It is intended for use by organisations of all types, in both public and private sectors in developed and developing countries. It will assist them in their efforts to operate in a socially responsible manner that society increasingly demands.

ISO 26000 contains guidelines, not requirements, and therefore will not be for use as a certification standard like ISO 9001 : 2000 and ISO 14001 : 2004.

Why is ISO 26000 important ?

Sustainable business for organisations means not only providing products and services that satisfy the customer, and doing so without jeopardising

the environment, but also operating in a socially responsible manner. Pressure to do so comes from customers, consumers, governments, associations and the public at large. At the same time, far-sighted organisational leaders recognise that lasting success must be built on credible business practices and the prevention of such activities as fraudulent accounting and labour exploitation.

On the one hand, there has been a number of high-level declarations of principles related to SR and, on the other, there are many individual SR programmes and initiatives. The challenge is how to put the principles into practice and how to implement SR effectively and efficiently when even the understanding of what ‘Social Responsibility’ means may vary from one programme to another.

ISO’s expertise is in developing harmonised international agreements based on double levels of consensus : among the principal categories of stakeholders, and among countries (ISO is a network of the national standards bodies of 156 countries).

The future ISO 26000 will distil a globally relevant understanding of what Social Responsibility is and what organisations need to do to operate in a socially responsible way.

Jorge Cajazeira, Chair of the Social Responsibility Working Group, Brazilian Standards Institute (ABNT) stated, “as individual, we all have the opportunity to take some responsibility and it is no longer possible to argue that it is someone else’s job to solve global challenges. One way to engage is to participate in the process of developing ISO 26000 guidance standard on social responsibility”.

The setting for ISO’s work on social responsibility lies in the general recognition that SR is essential to the sustainability of an organisation. This recognition was expressed both at the 1992 Rio Earth Summit on the Environment and at the 2002 World Summit on Sustainable Development (WSSD) held in South Africa.

In April 2001, the ISO Council asked ISO/ COPOLCO to consider the feasibility of ISO’s establishing International Standards in the area

then referred to as ‘corporate social responsibility.’ COPOLCO decided in May 2001 to go ahead. In June 2002, COPOLCO concluded that from the perspective of the consumer, ISO was well positioned to lead in the development of international SR standards. Consequently, COPOLCO submitted a recommendation to the ISO Council to the effect that ISO establish an advisory group involving all key stakeholders to investigate the issue further.

In early 2003, ISO set up a strategic advisory group (SAG) on social responsibility to help decide whether ISO involvement in the field of SR would add any value to existing initiatives and programmes. The group comprised representatives from around the world and from a wide spectrum of stakeholder interests, including business, government, inter-governmental organisations, labour, consumers and non-governmental organisations. Over 18 months of intensive debate and development, the group prepared a comprehensive report that included an overview of SR initiatives worldwide and identified issues that should be taken into account by ISO.

On 21-22 June 2004, the SAG’s work was the major focus of an international ISO conference on social responsibility hosted in Stockholm by the Swedish Standards Institute (SIS). The aim of the conference was to obtain further international input to contribute to ISO’s decision on whether to proceed with SR standardisation work. The conference was attended by 355 participants from 66 countries, representing major stakeholder groups. In January 2005, 37 ISO members voted on a New Work Item Proposal (a proposal to develop a new standard) on SR. Recently 320 people from 55 countries and 26 international organisations attended the third plenary meeting of the ISO working group on SR held from 15-19 May 2006 in Portugal.

From the beginning, ISO/TMB has considered it essential that balanced representation among diverse stakeholders be ensured in the development of SR standards.

Fifty-four countries and 33 organisations with liaison status are participating in the WG SR under the joint leadership of the ISO members for Brazil (ABNT) and Sweden (SIS). The innovation

#



#

came with the new approach by ISO to ensure that the WG SR standard will benefit from broad input by all those with a serious interest in social responsibility. This is being achieved by the balanced representation of six designated stakeholder categories : industry, government, labour, consumers, non-governmental organisations and others, in addition to geographical and gender-based balance.

The guidance in ISO 26000 will draw on best practices developed by existing public and private sector SR initiatives. It will be consistent with and complement relevant declarations and conventions by the United Nations and its constituents, notably the International Labour Organisation (ILO), with whom ISO has established a Memorandum of Understanding to ensure consistency with ILO labour standards.

Based on New Work Item Proposal 'ISO/TMB N 26000', the design specification of ISO 26000 will cover the following heads :

Introduction :

The introduction will give information on the contents of the guidance standard and the reasons prompting its preparation.

1. Scope :

This section will define the subject of the guidance standard, its coverage and the limits of its applicability.

2. Normative references :

This section will contain a list of documents, if any, which are to be read in conjunction with the guidance standard.

3. Terms and definitions :

This section will identify terms used in the guidance standard that require definition and will provide such definitions.

4. The SR context in which all organisations operate :

This section will discuss the historical and contemporary contexts of SR. It will also address questions arising out of the nature of the concept of SR. Relevant stakeholder issues are to be addressed in this section.

5. SR principles relevant to organisations :

This section will identify a set of SR principles drawn from a variety of sources and will provide guidance on these principles. Relevant stakeholder issues are to be addressed in this section.

6. Guidance on core SR subjects/issues :

This section will provide separate guidance on a range of core subjects/issues and relate them to organisations. Relevant stakeholder issues are to be addressed in this section.

7. Guidance for organisations on implementing SR :

This section will provide practical guidance on implementing and integrating SR in the organisation, including, for example, on policies, practices, approaches, issue identification, performance assessment, reporting and communication. Relevant stakeholder issues are to be addressed in this section.

8. Guidance annexes :

The guidance standard may include annexes if needed.

Bibliography :

A final draft of standard in September 2008 and of the international Standard is expected to be published in the first quarter of 2009.

Christian Brodhag and Sophie Taliere (2006) in 'Sustainable Development Strategies : Tools for Policy Coherence' stated that ISO 26000 will act as a coordinating mechanism between voluntary initiatives and binding obligations (such as international conventions). They further argued that ISO standards and guidelines should therefore be integrated with national sustainable development strategies and local agenda 21 frameworks.

ISO 26000 will be a distillation of international expertise on Social Responsibility — what it means, what issues an organisation needs to address in order to operate in a socially responsible manner, and what is best practice in implementing SR. ISO 26000 will be a powerful SR tool to assist organisations to move from good intentions to good actions.

(Source : www.iso.org/sr)

#

Quality, Culture and Social Responsibility Approaches

by

Navin Shamji Dedhia[†]



Abstract :

Many companies and organisations feel obliged and endeavour to give the impression of being quality-conscious, culture-sensitive and socially responsible. Some business establishments can and do carry out some of their social responsibilities out of pure charity and not because there is any economic benefit to be derived from it, if over the long term. Poll shows that 84% of consumers agree that it is important to buy from an organisation with a high degree of social responsibility. By some measures, modern-day consumers appear to be more concerned about social and environmental issues than ever before.

Many business leaders have moved beyond the basic need to justify the incorporation of greater corporate social responsibility (CSR) into the way they manage their enterprise. Many companies now face a more complex integration of community stakeholder engagement and other CSR practices throughout their entire business.

More scrutiny from legislators and regulators is forcing corporations to take effective actions. Sarbanes-Oxley and the USA Patriot Act have forced corporations to manage their domestic and international businesses in a responsible way. Where a legislative, regulatory and compliance framework is present, companies, because they are required to comply, tend to perform better in terms of social responsibility.

Corporate social responsibility has only just been born; it hasn't even reached a major boom yet. The concept of CSR should be extended to incorporate not only

labour and environmental standards at workplace but also humanitarian and philanthropic contributions of corporations. Companies are incorporating new business techniques into their sales strategy, enhancing their marketing and advertising plans, investing in their staff members, and continuing work on their corporate social responsibility programmes.

Companies are advocating greater disclosure and transparency on the part of the companies they invest in. Companies believe social and environmental disclosure is not only relevant but highly material to investors. Companies feel it is important to report to the shareholders and other stakeholders on how social and environmental responsibilities are being discharged. Corporations are openly taking steps to address health and environment issues in the supply chain process, risk management through a code of ethical purchasing, employee wellness, data privacy protection, compliance with global trade, youth education and training, etc. Now the focus of corporations is on (1) corporate governance and business ethics; (2) workplace issues; (3) environment; (4) product safety and impact; (5) international operations and human rights; (6) indigenous peoples' rights; (7) community relations, and (8) quality and customer satisfaction.

Documentation, management responsibility, management reviews, infrastructure, corrective and preventive actions, and continual improvement activities are being addressed through the ISO 9001 Quality Management Systems.

[†] Navin S. Dedhia is a quality consultant; a former ASQ National Director; Fellow of ASQ; Recipient of the ASQ E. Jack Lancaster Medal and many Testimonial Awards; Past Chair/Trustee of the ASQ International Chapter, past Chair of the ASQ Inspection Division and ASQ Silicon Valley Section (# 0613). He has worked at Hitachi Global Storage Technologies, Inc., at San Jose, California; at IBM Corporation E. Fishkill, New York, and San Jose, California, facilities. He is a member of the International Academy for Quality (IAQ). He is a RAB/QSA certified QMS Lead Auditor. He is ASQ certified in four quality discipline fields, which are Quality Engineer, Reliability Engineer, Quality Auditor and Certified Manager of Quality/Organisational Excellence. Number of papers have been published and presented by him at many national and international conferences. Dedhia has served community by holding various positions in many other organisations. His address : 5080 Bougainvillea Drive, San Jose, California 95111, United States of America. E-mail : NavinDedhia@hotmail.com



⊕ *Business conduct and ethics are enforced through corporate guidelines.*

The U. S. Malcolm Baldrige Award carries 70 points out of 1000 possible points for the Corporate Leadership and Social Responsibility Results. Applicants for the Malcolm Baldrige Award have to show the evidence of accomplishment of organisational strategy, ethical behaviour, fiscal responsibility, legal compliance and organisational citizenship.

Statistics prove that CSR profiling increases sales, customer dedication and brand recognition. Whatever dollar value is invested in it, ten-fold return is obtained. CSR is the future role of business. Well-established culture and social responsibility give birth to the quality product.

Key Words :

Business Ethics, Community Relations, Quality Culture, Social Responsibility, Sarbanes-Oxley Act, Social Justice.

Introduction :

Quality, culture and social responsibility go hand in hand. The three biggest motivators for deploying compliance and policy management are (1) Regulatory requirements, (2) Internal policies and (3) Protection criticism. Corporate social responsibility (CSR) is not an option these days. It has become a requirement to conduct business. Benefits derived from the CSR are brand building, increased employees morale, low employees turn-over, increased customer loyalty and better supplier partnership. We are living in a .com world. The old rules are changing.

People remember events caused by Union Carbide, Nike, Enron, WorldCom and others. Every time there is a fiasco, more rules, more regulations and greater accountability are stressed upon. But this does not stop corporations from committing frauds, exploiting the environment and eroding billions of dollars of stakeholders' wealth. As the list of frauds grows, the number of books on the bestseller lists rises. Increasing number of reports in the media about corporate frauds, excessive executive remuneration, greed leading to loss of shareholders' wealth and corporate crime raise the question about basic values in place at the corporation level.

Quality :

There are many definitions of quality. Quality is a systematic approach in search for excellence. Quality is never an accident. It is always the result of high intention, sincere effort, intelligent direction and skillful execution. It represents the wise choice of many alternatives. Quality is that elusive entity that everyone is talking about. Customers want it ! Manufacturers, developers, providers, suppliers and others seek it ! Quality is fitness for use in its widest sense. The quality field offers opportunities for satisfying many different personal interests, skills, aspirations, work values and life styles.

Excellence is the outstanding practice in managing the organisation and achieving results. Truly excellent organisations are those that strive to satisfy their stakeholders by what they achieve, how they achieve it, what they are likely to achieve and the confidence they have that the results will be sustained in the future.

Culture :

There are many different definitions of corporate culture. Culture is defined as 'the way we do things around here.' The way employees actually behave, think and believe determines the culture. Culture is the personality of the organisation. Culture is what employees do when no one is watching. It is a 'walk the talk'. Consistent talking and actions matter much.

Culture is the basic pattern of shared beliefs, behaviours, and assumptions acquired over time by members of an organisation. It reflects attitudes and practices related to quality systems application. A culture is considered robust if it is insensitive to uncontrollable outside forces. The behaviours and habits of people working for the company make up the middle layer of culture. These behaviours and habits include everything from formal policies and procedures to informal habits and tactics employees use to function effectively within the company. Formal policies, procedures, behaviours and habits operate as the ground rules and guidelines.

The symbols (corporate colours, logos, dress codes, office layouts, etc.) and language of the

⊕

people who work for a company also make up the important elements of its culture. Vision, mission, values, goals and strategy are the guiding principles of a corporation and culture culminates from them.

Challenges faced by the corporation are many. Corporate culture is changing fast. Everyone is expected to move at much faster speed. Operational principles for the corporations are 'Slim, Speed and Simple'. In a telecommuting and remotely working environment, there is little cohesion, trust, or shared experience among employees. Supplier and customer partnership is replacing buy-or-make decisions. Outsourcing has become norm in the operations. Workplace communication has given birth to an 'Open book' corporation. Corporate culture is people in action.

The underlying assumptions and core values are the deepest part of the culture. Innovation, integrity, high performance orientation, respect for the individual, long-term relationship building, investing in the environment and community are core values of a good corporate citizen. Social responsibility is critical to the success of the corporation.

Assumptions are deeply ingrained in the actions. Cultural core values are conscious level of beliefs. Some examples of core values are :

- Customer is the king
- Inspire the next (Hitachi)
- Keep your promises. Your word is your honour
- Thou shall not kill a new product idea (3M)
- Tolerance for honest mistakes (3M)
- Respect for individual initiative and personal growth (3M)
- Respect for the individual (IBM)
- Excellence is a way of life (IBM)
- Service to the customer (IBM)

Changing the core elements of the culture, underlying assumptions and core values is quite difficult and cause disruptions in the organisation.

Quality culture :

Quality culture refers to the degree of awareness, commitment, collective attitude, and behaviour of the organisation with respect to quality. Conformity relates to the maturity of the organisation's quality system and the extent to which it meets its requirements. Cultural change is often seen as the most effective way to manage large or innovative change within an organisation. Cultural change can be used to bring about changes in systems, implement corrective and preventive actions, or influence management for business improvement.

Quality-centred culture encompasses a way of thinking and acting. Total Quality Management (TQM) is a comprehensive management method with an accent on quality. It is a companywide quality management system involving all employees in activities aimed at improving product quality, production processes and services. Being Excellent requires total leadership commitment and acceptance of the fundamental concepts, a set of principles on which the organisation bases its behaviours, activities and initiatives. When the organisation turns them into practice, it opens the access to sustainable excellence.

Enemies of quality culture :

- It's the best we can do
- There is not enough time
- There is not enough money
- There are not enough people
- It is not in my budget
- It is not my responsibility
- Let someone else worry about it
- It is too late to change it
- The customer does not understand
- It is not really a problem
- It is not my fault
- The quality control only applies to manufacturing
- It is as good as it can be
- Relax, we hit the goal



#

The Friends of Quality culture :

- ▶ The customer is first
- ▶ Continual improvement is essential to the success
- ▶ Quality does not take time, it saves time
- ▶ What gets measured gets managed
- ▶ Problems are opportunities in disguise
- ▶ The only bad mistake is a hidden mistake
- ▶ Training saves money
- ▶ It is the process, not the people
- ▶ Better is better than best

The company's participative management structure empowers employees to take any necessary action to ensure customer satisfaction. Employee becomes involved in improvement initiatives through quality committees and corporate quality programmes. Emphasis is placed on :

- ▶ The elimination of errors through visibility
- ▶ A commitment to continuous improvement
- ▶ The belief that all errors are preventable
- ▶ The participation of all employees in business improvement
- ▶ The recognition that total quality is the key to customer satisfaction

In the quality culture environment focus is on customer, and quality becomes everyone's responsibility. Employees are empowered to do their job. Customer expectations are exceeded and customer gets delighted.

Creative quality culture involves :

- ▶ Pursuit of solving unidentified problems
- ▶ Surprising and delighting customers
- ▶ Goal of customer loyalty instead of satisfaction only
- ▶ Changes with stability and control
- ▶ Process focus

Social responsibility :

An organisation's leaders should stress responsibilities to the public, ethical behaviour, and the need to practise good citizenship. Leaders should be role models for the organisation in

focussing on business ethics and protection of public health, safety, and the environment. Protection of health, safety and the environment includes organisation's operations, as well as the life cycles of products and services. Organisations should emphasise resource conservation and waste reduction at the source. Planning should anticipate adverse impacts from production, distribution, transportation, use and disposal of products. Problem response should include making information available and support needed to maintain public awareness, safety and confidence.

Organisations have to share the responsibility by planning to avoid events like oil spill, chemical spill, Bhopal Gas leak and other unforeseen hazardous events. Product and service safety, occupational and health wellness, data privacy, quality of product and services, compliance with global trade, environment-friendly products, environmental, legal and regulatory compliance should be given top priority. The Enron and WorldCom scandals in the U. S. have amply demonstrated the necessity of having corporate governance. Separation of duties is becoming important in the modern-day corporation. Setting and enforcing a clear line of responsibility and accountability have become important. Traditional approach of self-regulation (enforcing Generally Accepted Audit Standard — GAAS and Code of Professional Conduct) was considered failed to properly ensure the quality audit provided in such audit failures.

An organisation receives inputs from society and environment in the form of workforce and raw materials, and sends output to the society in the form of goods and services. Thus, an organisation exists because of the society. In order to survive, the business in turn must take care of the society and the environment. The World Business Council for Sustainable Development has defined Corporate Social Responsibility (CSR), as 'the ethical behaviour of a company towards society'. CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. CSR can

(Continued on page 15)

#

Management Systems for Organisational Excellence

Corporate Social Responsibility

Dr. Divya Singhal and K. R. Singhal

Abstract :

Corporate social responsibility (CSR) is closely linked with the principles of sustainable development in proposing that enterprises should be obliged to make decisions based not only on the finance/economic factors, but also on the social and environmental consequences of their activities. Social Accountability International (SAI) had designed SA8000, social accountability management system. International Organisation for Standardisation (ISO) has launched the development of future ISO 26000 standard providing voluntary guidance on social responsibility (SR), which is expected to be published in the first quarter of 2009. However, in India, the Bureau of Indian Standards has adopted an Indian Standard IS 16001 : 2007 on organisational accountability at the workplace. Implementation of IS 16001 : 2007 would certainly promote good practices at the workplace.

Corporate Social Responsibility (CSR) is closely linked with the principles of 'Sustainable Development' in proposing that enterprises should be obliged to make decisions based not only on the finance/economic factors, but also on the social and environmental consequences of their activities. The ISO is now developing standards that address the human aspect. Earlier also Social Accountability International (SAI) had designed SA8000, Social Accountability Management System. The ISO has launched the development of the future ISO 26000 standard, providing voluntary guidance on Social Responsibility (SR). ISO 26000 will add value to existing initiatives for social responsibility by providing harmonised globally relevant guidance based on international consensus among expert representatives of the main stakeholder groups and so encourage the implementation of best practice in social responsibility worldwide. ISO 26000 is expected to be published in the first quarter of 2009. However, in India, The Bureau of Indian Standards has adopted an Indian Standard IS 16001: 2007 on 'Organisational Accountability

at the Workplace — Requirements' and the same has been published. This standard is based on the QMS approach for promoting organisational accountability at the workplace.

IS 16001: 2007 is a certifiable standard and is based on the principles of the following eleven core elements :

1. Child Labour
2. Community Engagement
3. Discrimination
4. Employment Freely Chosen
5. Employment Relationship
6. Employees' Welfare Measures
7. Freedom of Associations
8. Health and Safety at the Workplace
9. Harassment, Abuse and Inhuman Treatment
10. Wages and Benefits
11. Working Hours

IS 16001 : 2007 deals with the accountability of an organisation with regard to effective discharge of its various functions and responsibilities at workplace. This standard can be implemented by all organisations, irrespective of type, size, ownership or geographical location. This is a recently published standard.

Element clauses of this standard are as under :

1. Scope
2. Terms and Definitions — This clause provides eight terms — accountability, corrective action, employee, equal opportunity, organisation, top management, stakeholder and workplace.
3. Applicability
4. Management Systems — This clause provides documentation requirements and requirements for control of documents and control of records.

(Continued on page 12)



Corporate Social Responsibility — Survey Report

Times Foundation, the Corporate Social Responsibility wing of the Times of India Group, seeks to play the role of a catalyst for promoting CSR consciousness in Indian industry. This survey is one such effort in that direction.

Education and health are two of the most popular areas of intervention for companies as part of their corporate social responsibility (CSR) initiatives.

A national-level study on CSR among leading business and corporate houses and public sector organisations, carried out by TNS India and the Times Foundation, has revealed that a large majority of the CSR initiatives are regular programmes with just a small percentage of the 82 companies surveyed implementing one-time events.

Most of the companies implement the CSR projects through their own CSR project management initiatives with just about 39% involving voluntary organisations and over a third of the companies giving financial support directly to community or community-based organisations. Almost all respondents see CSR initiatives as a catalyst in bringing positive social change.

The study, done by TNS as part of its CSR initiative, used online administration of questionnaire and covered 11 public sector units, 39 private national agencies, and 32 private multinationals. The organisations covered were from various sectors including information technology, insurance, automobile, cement, paper & pulp, construction, petrochemicals, metal, media, pharmaceutical, sugar, mining and so on. About 90% of the 82 organisations — all the 11 PSUs, four-fifths of the private national agencies (85%) and 94% of the private multinationals — are involved in CSR initiatives.

Tata Group (68%) emerges as the *numero uno* company with active CSR initiatives, distantly followed by Infosys (14%), ITC (12%), NTPC (11%), Anil Dhirubhai Ambani Reliance (10%), Ambuja Cement (9%), Microsoft (7%), Wipro, BILT and L&T (6% each), etc.

The rise of CSR :

The involvement of the corporate sector in CSR seems to have picked up after 1991 as 63% of the organisations started CSR during 1991-2005. About two-thirds of the private multinational agencies (70%) and private national agencies (67%) initiated CSR during this period, and one third of the PSUs too started their CSR programmes in this period.

In half of the cases (56%), people living near the organisation or industry are covered as part of the CSR programmes. The other groups covered include poor people living in rural areas (42%), tribal people (16%), people selected in consultation with NGOs (11%) and communities selected randomly (11%). In the case of PSUs, coverage of people living near the industry or organisation and rural population is more, while selection of people through NGOs is more common in the case of the private sector.

Microfinance is No. 1 :

The selection of issues under CSR by the organisation depended on a host of factors including organisational mandate, current relevance of issues and demand from the community. The priority areas that the respondents felt ought to be covered under CSR initiatives included micro finance (99%), environment (81%), health (81%), education (82%), women empowerment (63%), livelihood promotion (62%), sanitation (61%), HIV/AIDS (54%), child care (55%), slum improvement (50%), disaster management (36%) and agricultural development (29%).

Image does matter :

For most companies, CSR was a way to improve the public perception of the company and over half of them do so to brand the company among the people. Only a tenth of the organisations said that they are into CSR because it is mandatory and just about two-fifths of them do it for tax exemption. Public goodwill and branding are high on the agenda in the case of private multinational agencies and improved perception about the company is the motivation in the case of

✚ PSU's. Currently, NGOs and international NGOs are involved in implementation, capacity building and planning. The organisations surveyed felt that NGOs and INGOs ought to be more involved in project implementation, providing voluntary support to corporate agencies, monitoring and regulation.

Wanted : A govt. policy :

A quarter of the organisations surveyed felt the government was doing nothing in facilitating CSR initiatives. However, half the respondents mentioned the role of the government in helping with the implementation. About a fifth of the respondents believed that the government did play a role in capacity building and monitoring.

Most of the companies expect greater involvement from the government and over three-quarters of them want the government to develop a proper CSR policy. Most respondents felt that business houses should be involved in formulation of CSR policy. Others who they felt ought to be involved included industries, civil society organisations, government functionaries, research organisations and so on. A majority want the government to be involved in capacity building and regulation and almost a third also envisages the role of monitoring for the government.

Most of the organisations stated that they had a definite CSR policy in place. Four-fifths of the private multi-national agencies (80%), three-fifths of the PSUs (64%) and half (52%) of the private national agencies have their own CSR policy.

Do the numbers add up ?

About 70% of the organisations surveyed said that they have separate allocation of funds towards CSR implementation. This was reported more in the case of private multinational agencies (81%) followed by PSUs (73%), with the lowest in

For most companies, CSR was a way to improve public perception of the company and over half of them do so to brand the company among the people. Only a tenth of the organisations said that they are into CSR because it is mandatory and just about two-fifths of them do it for tax exemption.

case of private national agencies (59%).

However, when asked about the average percentage of annual budget allocated for CSR in the past three years, more than half of the organisations (52%) did not share information citing 'no relation between CSR allocation and annual budget'. Almost a quarter of the organisations stated that no specific budget was fixed for CSR initiatives, while 15% of them said that the allocation for CSR depended on decisions of the organisations' board. More than one-fourth of the organisations (30%) allocate less than 5% of their annual budget for CSR initiatives.

Taxing time :

Only a little over half the companies stated that they were not in favour of the government's proposal to abolish section '80 G' granting tax benefits to funds allocated to development projects as charity, as this would discourage CSR spending. The rest did not think the proposal would have any impact or were not very concerned about it.

Challenges galore :

Some of the challenges faced by the companies in implementing CSR programmes pertain to community participation and capacity building within the organisation as well as among the NGOs that they tie up with. Especially in the rural areas, the companies face the problem of lack of well-organised civil society groups that could identify the real needs of the society and work to address those needs. Lack of transparency too is a problem they face. The companies also identified the problem of having no way of scientifically researching and gathering evidence on the impact of their CSR initiatives on the communities they target and work for. Without knowing the impact of their programmes, they felt it was difficult to tailor the programmes according to the needs of the people they were meant for. The respondents rued the event-based activities, which did not go a long way, and the narrow role of CSR perceived by civil society. The non-availability of clear guide-lines on CSR and lack of consensus regarding areas of focus too, they felt, hampered the ability of CSR initiatives to make a greater difference.

✚



#

Spread to SME sector :

The suggestions put forth by the organisations to make CSR initiatives more effective and useful include creation of awareness about CSR among the general public, so as to generate demand and effective partnership between all stakeholders, including corporates, community, employees, and the government. They felt that the introduction of CSR in the small and medium enterprises sector would help reach out to the more remote areas. Resource pooling, adopting best practices, risk analysis and mapping of CSR initiatives were some of suggestions given by them. The respondents also recommended accreditation of CSR initiatives by an independent agency and making CSR a part of the curriculum at management schools, colleges and universities. Integration of CSR into the DNA of business, active role played by media in highlighting CSR success stories, top management commitment, streamlining of CSR with stringent monitoring without being bureaucratic and CSR friendly laws were other recommendations of the companies to help strengthen the CSR initiatives in the country.

The organisations list lofty goals for CSR initiatives ranging from nation building, and providing localised rural employment and livelihood opportunities to empowerment through wealth creation, raising quality of life and social well-being of communities, striving for harmony with nature and greener world. However, for such objectives to be fulfilled, the recommendations of the companies, especially and need for better coordination between all stakeholders, would have to become a reality.

(Source : Sunday Times of India, Mumbai, 17-8-2008)

President's Page

(Continued from page 1)

this vital issue of social responsibility and subject it to periodic assessments aimed at highlighting both strengths and areas for improvements. More importantly, these assessments are providing appropriate metrics to measure the extent of focus and benchmark with the best national and global practices.

India's social structure has this focus as 'in built' as part of Indian heritage and ethos which in

Management Systems for Organisational Excellence ...

(Continued from page 9)

5. Management Responsibility — This clause provides requirements for management commitment, organisational accountability policy, objectives, legal and other requirements, responsibility, authority and communication, and management review.
6. Resource Management — This clause provides requirements for resource management.
7. Core Elements — This clause provides core elements principles and requirements.
8. Implementation, Monitoring, Measurement and Improvement — This clause provides requirements for implementation, monitoring and measurement, internal quality audit, analysis of data and improvement.

A list of applicable Indian Acts, Rules and Regulations has been provided vide annex in the standard.

Implementation of IS 16001 : 2007 would certainly promote good practices at the workplace. It is expected that organisations (government, private, academic, charitable trust, society, consumer, cooperative, NGO, associations) would implement this standard and demonstrate to stakeholders that organisation's policies, procedures and practices are in conformity with applicable national legal, statutory, regulatory requirements and IS 16001 requirements that promote good practices at the workplace.

some way is reflected in every "Indian's" action. However it is now given a new dimension with 'Corporate Dynamics' and focus in relation to the need-based industrial growth created by corporate houses in remotest area, specifically to meet their employees' needs and integrating the same with local environment.

I am sure that the articles in the current issue of NCQM Newsletter would provide greater insights into this vital topic of Corporate Social Responsibility.

— Mahesh V. Gandhi
President

#

NCQM NEWS

Welcome aboard — New Members

Corporate Members :

- CM0509 Alcan Composites Village Parali,
India Pvt. Ltd., Raigad
Mr. Kamal Sharma
- CM0510 Infospace Consultancy
Pvt. Ltd., Mumbai
Dr. Indrajit B. De

Individual Members :

- MI0459 Ms. Purnima Mili Thane
- MI0460 Mr. Parimal G. Parmar Mumbai
- MI0461 Mr. Jayesh N. Vishnuswami Rajkot
- MI0462 Mr. Raju Dattaram Bhoite Mumbai

Following Individual Member has been converted to Senior Member

- SM0059 Mr. K. R. Singhal Ajmer

DON BOSCO

National Centre for Quality Management (NCQM) and Don Bosco Institute of Technology (Don Bosco) have signed MOU on 2-7-2008, for



At the time of signing of MOU, seen from left are : Dr. S. Krishnamoorthy, Director R&D; Dr. N. G. Joag Principal and SDB; Fr. Mario Vaz of Don Bosco; Shri Mahesh V. Gandhi, President; Prof. H. C. Patel, Hon. Secretary and Shri Aravind Ghaisas, Executive Director of NCQM.



Seen from left are : Mr. Jayavant Khadtale, Pro YCMOU; Shri Mahesh V. Gandhi, President, NCQM; Dr. R. H. G. Rau, immediate Past President, NCQM; Dr. Rajan Welukar, Vice-Chancellor, YCMOU; Dr. Palande, Pro Vice-Chancellor YCMOU and Shri Shrinivas Belsare, Mumbai Regional Director, YCMOU.

developing and conducting certificate course in the field of Metrology and Quality Control for qualifying personnel at operator and QC Inspector levels.

The course is expected to be conducted from October 2008. The course will be of 20 hrs. duration. Further details will be available from Programme Coordinator.

NCQM Programmes :

- Integrated Management System — May 9-10, 2008
- Internal Quality Audit (IQA) ISO 9001:2000 — May 22-23, 2008
- Internal Quality Audit — June 26-27, 2008
- Root Cause Analysis & Use of QC Tools — July 10-11 & 12, 2008
- Six Sigma Yellow Belt — July 22-23, 2008
- Six Sigma Green Belt — July 22-25, 2008
- World Class Supervision in Industry — August 8, 2008
- ISO 22000 FSMS (HACCP) — August 22, 2008
- Lean Manufacturing — August 25, 2008

Internal Quality Audit ISO 9001:2000 — Sept. 19-20, 2008

Being Cost Effective Through 5 S & 7 W — Sept. 26, 2008

Note : NCQM got an overwhelming response to training programme 'Root Cause Analysis & Use of QC Tools' and had to continue it for 3 consecutive days.

For further details please contact :

Programme Coordinator,
National Centre for Quality Management,
Mumbai, or download the brochure from www.ncqm.com



CSR — Corporate Social Responsibility

S. P. Thapliyal

What is CSR ?

According to Swami Vivekanand — If we want sustainable progress for ourselves, we must ensure progress of all members and components of the society.

Peter Drucker said : No one but the management of each business can decide the objective in the area of public responsibility. He further said that social responsibility requires manager to consider whether the action is to promote the public good, to advance the basic beliefs of our society as to contribute to its stability, strength and harmony.

Keith Davis : Social responsibility is the obligation of the decision makers to take decisions which protect and improve the welfare of the society as a goal along with their own interest.

Tata Group is the torch bearer in India — the purpose of existence of the Tatas is not only in business but beyond that — Just like a human being — Tatas have a mind to think and a heart to feel. They have a mind for business sense and heart for conscience. Mr. J. N. Tata stated, “In a free enterprise, the community is not just another stakeholder in a business but is in fact the very purpose of its existence”. All Tata’s companies are committed to be good corporate citizen not only in compliance with all relevant laws and regulations but also by actively assisting in improvement of Quality of life of the people in communities in which it operates with the objective of making them self-reliant.

I would like to narrate a lively example —

Immediately after the earthquake in Bhuj and Kutchch I took a few days’ leave and rushed to Bhuj. There is an NGO called ‘AVHIAN’ which assigned some responsibilities to me. There was no drinking water available, nothing to eat and there were dead bodies lying all around. All of us working with ‘AVHIAN’ were sitting one day under the open sky and working out a strategy as to how to deal with the situation.

While I was pondering over the map of Kutchch, I was surprised to see Mr. Ratan Tata sitting on the ground right in front of me in casual clothes and on the other side I could see Mr. Arun Aga discussing the day’s plan. It reminded me of the statement which Mr.

Ratan Tata made in his first meeting with Council of Community Initiatives in 1996, “we are not doing CSR for propaganda, we are not doing it for visibility. I think we should do it for satisfaction to know that we have really achieved something worthwhile and again something to the community in which we are working. There are companies (other than Tata Group) who may do it for the sake of publicity but this is not our intention. What I want to convey in this meeting is that we are doing it because we really wish to do it (by choice)”.

In the process of achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment.

Who are the stakeholders — Employees, customers, suppliers, shareholders and investors, Government, environment and community.

Corporate social responsibility involvement has assumed a central role in today’s society. Thermax Board of Directors had decided to spend 1% of the profit for CSR. Today Aditya Birla Group, Godrej, and many other corporations bring about the transformation in CSR.

Approach

There should be a systematic approach to CSR. An organisation has to decide/identify what they want to involve with as an organisation and which way they want to serve the society. Some of them are as follows :

- Health
- Education
- Subsidised Meals
- Working hours
- Stock option & profit sharing
- Adoption
- Holding Hand
- Vocation guidance
- Beautification
- Promoting Art & Culture
- Campaign to eradicate wide spread diseases
- Development and diffusion of environment friendly locality



Obligation

In addition to providing living wages organisations have an obligation to adhere to country's regulations and specific standards of human rights. Organisations should seriously think that social environment and economic goals are not in conflict.

Global Warming

Today the biggest threat is global warming. A need has been felt to protect nature against mankind. Toxic material discharged into the rhine by chemical plants in Switzerland poisoned the drinking water of downstream countries. Heavy industrialisation, growing automobiles and an affluent style of living brought more threat to the environment. Everyday we hear news that all rivers are heavily polluted. New buildings are coming up, forest and tress are vanishing, heavy encroachment is taking place everywhere. It is becoming difficult for the wild animals to survive since forest areas are diminishing. Therefore preservation of ecology is a big challenge to the industry today.

CDM Mechanism

Today the glaciers are melting very fast. Worldwide it has been recognised that we have to act collectively. The temperature is rising, depleting the ozone or emitting greenhouse gases.

For carbon reduction, the developed or rich countries are compensating the developing countries for the high cost of environmental protection which is now known as the CDM (Clean Development Mechanism).

The purpose of CDM is to support sustainable development through the transfer of cleaner technique or financial resources from developed countries to developing countries.

Corporate responsibility is gaining importance across the world. In our country, industry cannot afford to ignore its responsibility towards the responsiveness to social needs. Companies need to view their relationships with customer, employees, Government, community suppliers and competitors in a wider social and ethical context.

Quality, Culture and Social Responsibility Approaches

(Continued from page 8)

be undertaken with a good blend of ethics, accountability and good governance.

Organisations have the responsibility to maintain physical and environmental security, personnel safety and security, data privacy, asset control, intellectual property control, and other important social activities and programmes. It's no coincidence that ethical lapses at the top levels of businesses are happening at the same time as business leaders are demonstrating a flagging interest in quality.

Practising good citizenship refers to leadership and supporting community in the areas of :

- Education system improvement
- Protection of human health and environment
- Resource conservation
- Community services
- Industry and business practices improvements
- Non-proprietary information sharing
- Universal human rights and labour standards

in the supply chain

- Managing risks through a code of ethical purchasing
- Youth education and job training
- Summer job internship programme
- Workforce development and continuing education
- Cultural awareness and development
- Equal opportunity to everyone
- Safe and healthy workplace
- Promote fair competition
- Support government actions

Commitment to principles of business ethics and lawful conduct is required. Company policy must be to conduct itself ethically and lawfully in all matters and to maintain high standards of business integrity.

The International Standards Organisation (ISO) is planning to develop a standard for social responsibility.

(To be concluded)





Navin Fluorine is an Public Limited Company (Established 1967), belonging to the reputed Industrial House of Arvind Mafatlal Group In India having interests in Rubber Chemicals, Textiles and Finance with a Total Manpower Strength of 500 Employees. It also has the Largest integrated Fluorochemical complex in India with Wide range of Fluorochemicals in bulk and specialty Segments. It has Quality system accreditation with ISO 9001 and Environment Management System accreditation with ISO 14001.



- World class safety standards -5 star rating by British Safety Council in 2004
- Global reach-export earnings > 45 % revenue
- Proven in-house technology strength , DSIR recognized R&D facility
- Multiskilled manpower –Responsive to emerging business needs
- All offices and production centers integrated through SAP R/3

NFIL Milestones:

- 1967 NFIL ,Surat was set up -First Fluorochemical complex in South –East Asia to produce HF ,CFC's and Inorganic Fluorides -HF Smelter Fluorides technology from Buss AG Switzerland, CFC's & HCFC Technology from Hoechst Germany
- 1969 Commercial Production of CFC's/HCFC 's Commenced
- 1978 NFIL,Dewas was set up to produce Alkylated anilines and Toluidines
- 1982 Smelter Fluorides AP3 capacity expansion with New Fluidized Bed reactor
- 1990 CFC 113 plant commissioned
- 1999 Production of Organic and Inorganic Specialty Fluoride commenced at Surat
- 2000 Production of Fluorobenzene and Benzotrifluoride Series commenced .
- 2001 Production of Boron Trifluoride Gas commenced. First Plant in South East Asia
- 2003 Capacity Expansion Specialty Organic Fluorides
- 2004 Trifluoroacetic Acid Plant commissioned
- 2005 Trifluoroethanol Plant commissioning begins
- 2006 Capacity expansion of Boron Trifluoride Gas planned.
- 2007 Navin Fluorine reached an agreement with Ineos Fluor (UK) in June,06 for setting up a green house gas abatement project at Bhestan, near Surat. The technology for the same is given by Ineos. The project got approval from UNFCCC in March, 07 and was commissioned in July, 07. The project is set to generate 2.8 million tonne's of carbon emission reduction per year