

VIKRAM RAJARAM'S VIEWS ON PARTNERING COMMUNITY TO ENHANCE REPUTATION

To give away money is an easy matter and in any man's power. But to decide to whom to give it, and how large and when, is neither in every man's power, nor an easy matter. Hence it is that such excellence is rare, praiseworthy and noble.

....Aristotle

VIKRAM RAJARAM

Why be a good corporate citizen?

The debate on this has raged through the ages and there is no simple answer. In John D Rockefeller's view, one of the purposes of business was to promote social well being. Rockefeller held it out to be an article of faith. JRD Tata said that the wealth generated by the people needs to go back to them in the same measure or more. He saw it as a debt to be repaid.

Social Corporate Responsibility - what does this mean?

There are two terms, which tend to get used almost interchangeably. One is the social responsibility of business and the other is the term corporate citizenship. The social responsibility of business really views the manager as a trustee. Therefore the company is to be managed not only for the good of the owners but also for the good for the economy and society.

The manager as conscience keeper...

The manager is also seen to be the keeper of the conscience. There is a saying - "corporation in Italy has no conscience but a corporate of conscientious men is a corporation with a conscience". In the same manner that man are not created equal, all corporations are not born with impeccable social credentials. These credentials or intentions have to be nurtured and it requires the will to do good.

Tata's credo...

The first sentence in Tata's Group statement says, "the purpose of Tata is to improve the quality of life in India. Mr. Tata has made it clear that he requires all his companies not only to deliver shareholder value but also to consider their role in a larger context, part of which includes the community. Recently by getting the various companies in the Tata spectrum together, the Tata Group was able to raise Rs11 crore for the Army Central Welfare Fund.

Various community initiatives...

Besides initiatives at the Bombay House level, individual companies are also encouraged to adopt community initiatives. The Tata Council for Community Initiatives (TCCI) has regional councils that assess the extent to which this activity can be spread throughout the country. At the company level, the Tata Group has drawn up a list of suggested initiatives for companies to pursue. CEO's have to include a section on community efforts in Annual Reports.

Good intentions are plenty... undertaking them is the difficult part....

The road to hell is paved with good intentions. Deciding *that* you wish to do something is the easy part. Deciding *what* to do is the difficult part. There is no single solution to this. Any company has to exercise a stipulated choice tailored to what the company can do and what the company should be doing, given the various alternatives that are open to it.

Titan's efforts towards community development...

At Titan, our concern was for the disabled, the rural poor and the uneducated. The watch industry provides plenty of opportunities for employing the disabled. The components that go into a watch do not put physical demands on the people that are handling them. Thus we went out and hired people with audio-visual and locomotor disabilities. Our plants in Hosur and in Dehra Dun employ a total of 169 disabled employees, which represents 5.24 per cent of our blue collar work force. The National Disability Act, 1995, prescribes three per cent disabled employees to the total work force. We are far ahead of not only the three per cent, but also ahead of the average of all Indian industry which is only about 1.42 per cent or so.

Since the state of Tamil Nadu has 28 per cent of the equity in Titan, our factory is located in a backward district of Tamil Nadu and the workforce comes from all over the state. In fact the state holds more equity than the House of Tata does.

Initiative with Myrada....

The next initiative that we have adopted is assisting the poor through income generation. We wanted some kind of gender bias when we set out in our community partnership programme. In Tamil Nadu, not far from where our factory was located, we found that there were a large number of young girls, some of them who were finishing their education while others had completed Class X, but unable to study further - all of them were too young to get married. This was a resource that was not being utilised. So through Myrada, an NGO based in Mysore and very active in rural Tamil Nadu, we formed a unit and Myrada got these girls to assemble the individual components in metal bracelets, which are used for 60 per cent of our watches. In the period between 1996 and the year 2000, there were over 200 girls who have benefitted from this particular initiative of ours.

Titan's Scholarship Schemes....

The last initiative, which we have taken in rural Tamil Nadu, involved a number of youth who were school dropouts. These youth did not have the requisite skills to provide them a regular occupation. Therefore we instituted a series of scholarships. Every year, Titan gives out 40 scholarships to the needy - for example, the children of coolies and sweepers. For these people, going to an ITI (Industrial Training Institute) and being trained as a welder, a diesel mechanic or a bookbinder represents the ultimate in terms of a qualification. We have broken down the 40 scholarships. 5 scholarships to students who are doing MBBS, five to those students who are doing their engineering, another ten to students who are doing their BA and BSc

and the rest of them, about 20 scholarships every year, are given to people who are from ITIs or pursuing a diploma in education. We announced this scheme in 1989, and during the period between 1989 to 2000 over 400 young people from Tamil Nadu have benefitted. Our Scholarship Scheme benefits the residents of Dharmapuri District.

Conference Board study...

One question everybody asks is what the organisation gets out of all this. The Conference Board's study confirms that there are three benefits that you get out of it, namely enhanced corporate image, increased employee involvement and improved customer ties. All these three are fine but you have to work a little bit at getting the mileage out of it.

"Free a Dream" - towards the education of needy children...

Titan sponsored British Aerospace's microlight aircraft flight from the East (Bangalore, India) to the West (Farnborough, UK). The project was called "Free a Dream". We asked companies to contribute towards this project and we were able to raise to Rs 85 lakh, which was handed over to CRY. Titan was clear that it wanted to support the cause of education of needy children. We stressed that we did not want CRY to use this money only for schools but to use it to change the education policies in this country.

In conclusion, I feel that the primary driver to community development should not be any business-related objective. If this is so, then the initiative will be short-lived and your motives will be suspect. On the other hand, any company that combines the virtues of Mahatma Gandhi with a Mother Teresa will certainly have a subliminal appeal.

COMMENTS FROM PARTICIPANTS

Sharing experiences in employee volunteerism and community development....

Ford has a worldwide policy, which encourages every employee to spend 16 working hours annually on a social cause. We in India identify one or two social causes so our contribution has a long-term effect instead of each of us taking off time for a variety of causes. We also have other local initiatives such as health centres, which gives free medical attention to 15 villages in and around our area.

BPL has provided certain communication equipment like satellite phones to the Indian army to facilitate their operations. In Bangalore the company has adopted a municipal school which is being sponsored by the company.

Pfizer's employee initiative was to educate children in neighbouring schools on the cause of diseases. Pfizer also invites these children to see their laboratories. We also have a moving exhibition called 'Microbes', which we take from school to school. We also undertake a lot of social work activities with local slum children in and around the area where we are based.

QUESTIONS & ANSWERS

TISCO had an international social audit in 1972 and in 1984. Have any other of the Tata companies or any

Indian companies undertaken such a social audit and published its results.

Tatas have recently introduced the brand equity and business promotion agreement which members of the Tata Group are supposed to enter into with Tata Sons. One of the objectives of this agreement is to ensure that there is a certain degree of consistency in business practices in the Tata Group. One of the pillars of this agreement is the 'Code of Conduct', mentions the need to conduct a social audit. Apart from TISCO, I know of one other Indian company - IPCL, that had a social audit conducted on the company's activities in and around Gujarat. The results showed that a lot of activities undertaken were due to requests from a director or an important shareholder. What is important to remember here is to resist or minimise these kinds of initiatives and to focus on something that is sustainable over a period of time. I am going to recommend to Titan that we conduct such an audit.

(Excerpted from the presentation made by Vikram Rajaram, VP Corporate Affairs, Titan Industries Ltd., at PR Pundit's workshop - Pillars of Corporate Reputation, held in Mumbai on March 29, 2000)