

The Concept of Social Responsibility

According to Shocker & Sethi (1974: 69) “The term ‘corporate social responsibility’ is subject to multiple interpretations, but implies considerations by the corporation of interests of groups other than those with direct ties to the firm. An ever-growing number of individuals, groups and institutions are endeavoring to monitor corporate actions and inactions for indications so socially responsible behavior and to develop strategies for exerting pressure on corporations to change their behavior in a manner that is more in accord with the expectations of one or more of these groups.”

Makower (1994: 13) has explained social responsibility and according to him it stems from a deeply held vision by company leaders that business can and should pay a role beyond making money. It includes an understanding that what companies do and make has a variety of direct and indirect impacts on those both inside and outside the company, from customers and employees to communities and the natural environment. Therefore, a company goals, missions, and policies must take into account this entire range of constituencies. So, having one or more commendable programmes doesn’t make a company socially responsible unless those programmes are part of a larger vision. But a company can be socially responsible without having an all-star roster of programmes and practices.”

In India social responsibility my businesses is rooted in the culture from ancient time. According to Balasubramanian (1998:2) “India has a rich tradition of governance standards from ancient times. The consistence practice of dharma or righteousness in conduct has been a key commandment in the scriptures. Accountability to society at large and to its sub-sets has been a prescribed norm, though it may not always have received the level of compliance that it deserved.”

“The pre-independence phase characterized by nationalism and the Swadeshi spirit, and based on the Gandhian tenets of trusteeship. India hosted an international seminar on ‘Social Responsibility of Business’ in 1965. It was held under the convenorship of J.P. Narayan. The Gandhian philosophy of trusteeship - that business must regard itself as trustee of the interest of the community at large – was mooted as a viable path to secure the participation of business. The seminar adopted a statement called the *Delhi Declaration*.” (P & P Group, 1996:16-17)

Linkage of Corporate Governance and Social Responsibility with Voluntary Sector

Business houses in India have a tradition and culture of giving donations for charity work. After independence some business houses that were socially sensitive came forward and established Voluntary Service Organizations. These business houses, for the governance of voluntary organizations established by them, were as good as for the corporate governance of their businesses. Tandon (2002: 215) defines the governance of an NGO as it is concerned with its effective functioning and performance in society. This is both a legal and moral obligation. Therefore, governance requires the creation of structures and processes which enable the NGO to monitor performance and remain accountable to its stakeholders.”

To understand this new horizon of corporate governance and social responsibility we have case study of a Voluntary Service Organization called Boruka Charitable Trust that was established by a business house.

Case Study of Boruka Charitable Trust (BCT) the Region

Bhoruka Charitable Trust (BCT) is actively involved in integrated rural development in 300 villages of Rajgarh block in Churu district of Rajasthan, India. The geo-climatic conditions of this region are harsh and hostile. Being an integral part of the *Thar Desert*, it receives very scanty rainfall (325-350 mm annually) and there is wide variation on the temperature (3 degree Celsius in winter to 50 degree Celsius in summer). The underground water being deep and saline with high fluoride content, there is shortage of drinking water particularly during the summer months. People depend on traditional rainwater harvesting structures, called *kunds*, for drinking water. The area of Rajgarh block is also remote and is deprived of natural resources. Shifting sand dunes characterize the landscape. The people

in this region are entirely dependent on agriculture for their livelihood. But the land is not productive since the ground water is highly saline. There is a lack of basic infrastructure facilities like water supply, road, electricity, post and telegraph, rural markets, transportation, veterinary hospitals, medical and health services, etc. The health status of the people is deplorable. In the absence of roads and poor means of transportation, access to available State Health Services is very badly hampered. Illiteracy has further added to the economic and social backwardness. The low status of women prevents them from availing of existing schooling facilities in the villages. Besides the discrimination against the education of girl child, the infrastructure for schooling is woefully inadequate and not conducive to the cognitive development of the children.

The Vision and Visionary

BCT was founded in May 23, 1962, by the Late Shri Prabhu Dayal Agarwal; popularly known as P.D. Ji, to address the problems of the villages of the Rajgarh block. P.D. Ji was a well-known philanthropist and the founder Chairman of the TCI – Boruka Group of Companies. The Trust was basically rooted in the concept of charity and registered under the Bombay Public Trust Act. At the age of 13 he left his native village, Borugram in Rajasthan and went to Jalpaiguri. There, he and his brothers worked in a grocery store. Shri P. D. Agarwal later moved to Calcutta and started a business in clothes. In the late 1950s, he floated the Transport Corporation of India (TCI) with just one truck. Today, it is the flagship of a group with a turnover of Rs. 750 crore.

P.D. Ji gave away large sums of money to charity without attracting any attention to him. In times of national catastrophes like floods and droughts, he instinctively came forward to render assistance to people in distress. He established educational and vocational institutions, clinics and dispensaries in interiors for the benefit of rural people. He also opened blood banks and research institutes.

P.D. Ji also insisted that one of his sons should make philanthropic work his full time concern. Today Shri Prabhu Dayal's son, Dr. Ashok Agarwal, is carrying on the good work started by his father. This 45 year old scion of the Boruka Empire completed his Masters in Public Health (MPH) from the Johns Hopkins Institute in Baltimore, USA in 1983. He was then expected to join the family business or set up a lucrative medical practice. Instead, he left for Borugram, the village from where his father and his uncles had set out in search of a living six decades ago. Dr. Agarwal gave a new thrust to the activities of the Boruka Charitable Trust and gave the slogan "Development through Self-Reliance". He also recruited experts from various disciplines like social work, rural management, education, sociology, health and medicine, agriculture and hydro-geology, from different States and Educational Institutions and put them in charge of the various projects of the Trust, to make it a multi-professional organization.

The Charity Phase

During the initial fifteen years of its history since 1962, the Trust concentrated on 'service-delivery' to rural communities deprived of the basic amenities of living. Among the first tasks that the Trust undertook were: providing blankets to the poorest in the villages, running a dispensary (which, over the years, has evolved into a ten bedded hospital with OT, X-Ray and laboratory facilities), laying of roads, ensuring availability of safe drinking water through provision of hand pumps, *kunds* and wells, providing drinking water through tankers during periods of drought and water shortage and making premium education available to the villagers by establishing a public school in Borugram, building classrooms in villages and sponsoring teachers to teach in government schools.

The Development Phase

As the development ethos changed the world over, BCT began to introspect and look for more holistic solutions. The resources for its renewed endeavors came mostly from the Government. An important component of the Trust's activities was increasing community participation in the development process. No work was undertaken without the community making a contribution, either in terms of finance or labor or decision-making. The Trust thus began to

forge into areas like low cost latrines to improve the sanitary conditions of the environment, low cost housing to improve the living conditions of the economically backward classes, non-formal education for the economically backward classes and the girl child in response to the problem of gender discrimination in the field of education, providing for awareness and income generation activities for women in an endeavor to lead them through the process of empowerment to an improved status, supplementary nutrition programs for infants and pregnant and lactating mothers, providing for the cognitive development of pre-schools children, community-based wasteland development and afforestation to address the problem of environmental degradation of the region and comprehensive health improvement strategies which revolve around community level interventions through mobile medical units, female health workers at the village level, immunization, family planning and TB eradication programmes.

The Empowerment Phase

However, sustainable human development was still elusive and effective community participation was not realized. Therefore, to achieve the goal of self-reliance in rural development through genuine people's participation, the Trust began to rethink its approach. The move is towards complete 'empowerment' of the community by enabling it to take the development process into its own hands. Hence, in most villages, where the Trust undertakes project activities, the community is organized into village development societies, called *Gram Vikas Samitis*, and these societies are being made capable of undertaking development programmes, at times, even independent of the Trust. The Trust is evolving and increasing its capability as a support organization for people's organizations. Therein lies the future of Bhoruka Charitable Trust.

Thus, since 1984, the Trust has had a more integrated approach to development. The Trust has expanded its area of operation to almost all the villages of Rajgarh block. Due to the increase in the volume of the Trusts' activities financial aid was sought from agencies like Council for Advancement of People's Action and Rural Technology (CAPART), New Delhi, Ministry of Human Resource Development, New Delhi and the District Rural Development Agency, Churu and many more.

The Mission

The mission statement of BCT appears as: "The Bhoruka Charitable Trust is dedicated to Socio-economic transformation of remote rural areas of India, especially its weaker and socially underprivileged groups, through physical, social, cultural and economic development of rural people, groups and institutions".

Governance: The Board of Trustees

The Trust is governed by a Board of five Trustees, who are members of P.D. Ji family and are Managing Directors of one or the other of the Bhoruka Group of Companies. The Board members are appointed by the Trustees on the basis of their experience in the Trust-related fields. The Board of Trustees decides the policy of the Trust. Out of these five Trustees, one is the Managing Trustee who is more involved in the day-to-day affairs of the BCT and all Executive Decisions are taken by him.

The Board meets every six-month in a year. However depending on the exigency of the situation it may meet more often. The annual budget of the Trust has to be approved by the Board of Trustees. In addition to it the Board requires financial reporting by the Managing Trustee, every quarter of the year. The Managing Trustee visits the project area at regular intervals (precisely, 30 days in a year), to keep himself abreast of the activities and the progress of the work. He is required to send a monthly report to the Board about the activities of the trust.

Human Resources

The organizational structure of BCT is non-formal and not strictly hierarchical. The day-to-day operations are managed by the professional staff of the Trust, which totals to about 60 full timers. The different levels comprise of the Project Manager, who is the overall In-charge of BCT Projects. Then come the Project Coordinator, Project Officers, Assistant Project Officers, Supervisors and Grassroots Level Workers. The Trustee has delegated the executive powers to the Project Manager, and he may take decisions regarding the project to be taken up within a broad budgetary guideline. In addition, there are support staff members, recruited either through advertisements or through promotion of grassroots level workers. The professional staff may be graduate, post graduate or doctorate belonging to the different discipline such as education, health, environment, engineering and medicine.

Besides, there are about 600 volunteers who work at the grassroots level. The selection process consists of organizing a village meeting inviting all the village elders, elected representatives and school teachers. Depending on the nature of activities and project requirements, sometimes written examinations are also conducted where basic mathematics and writing skills of the candidates are judged. Before making the final selection, the acceptability and credibility of the candidates are also verified with the community. The volunteers are then selected on the approval of the community. The volunteers are based of the village level and are trained by the project staff in the field to perform the task assigned to them. The Supervisors and Project Officers coordinate with the volunteers. One supervisor generally looks after 10-12 villages in a cluster.

The grassroots level workers have regular meetings with the Assistant Project Officers, Project Officers or even with Project Managers. This is a two-way interactive process. The monthly, sectoral meetings allow the management to give information about the programmes to the grassroots workers through the Project Managers and Officers. The meeting also helps the Programme Staff in keeping themselves abreast of the ground level situation. Apart from this, the Project Officers meet every month, where each of them explain about the progress of their work and gets to know about the other projects.

In-house training programmes are organized regularly for the purpose of staff development. They are sent to various organizations for field visits and experience sharing. Staff are also sponsored to various training programmes conducted by different agencies i.e., Indian Institute of Management, Ahmedabad. Institute of Rural Management, Anand, Society for Participatory Research in Asia, New Delhi, Indian Institute of Forest Management, Bhopal), UNNATI, Ahmedabad and so on.

Finances: Initial Efforts and Sources of Income

P.D. Ji had wished that 10 percent of the profit from the TCI-Bhoruka groups should go into charitable works of BCT. But he later realized if there were no profit some year, the work would suffer. So P.D. Ji bought a 12-storied building in Mumbai for Rs. 10,000 with TCI funds. The price of this building has reached astronomical figures now. The purpose of the purchase was to utilize its rental income for the activities of the Trust. This income has progressively increased over the years. The Trust also invested money in government-approved bonds in the name of BCT. These initial steps helped BCT in gaining financial security.

The annual income of the Trust is Rs. 2, 55,26,054.46(gross), while its corpus fund stood at Rs. 1,02,56,563 during the financial year 1999-2000. A major part of its finances are met with the rental income and the interest earned from fixed deposits. The Trust is also receiving funds for its different projects from the Central and State Governments Although, BCT had acquired the FCRA way back in 1993, it has only very recently amended its broad financial policy and has started receiving foreign funds in order to keep its projects going.

Monitoring and Evaluation

All the sponsored projects are monitored and evaluated by the Project Manager and the core team of BCT comprising of the concerned Project Coordinators and Project Officers In case of its RCH project, the implementing NGOs are required to send the quarterly performance reports to the Trust. The senior level staff from the Trust visits

the field to verify the reports submitted. They also monitor the implementation of the project. According to its performance, the project is either extended for a year or terminated.

Conclusion

It has been observed from the case study of BCT that the business houses, which are having strong corporate governance and corporate social responsibility, they are also successful for launching and managing a voluntary organization in professional way. “An effective system of governance enables an NGO to formulate, review and reformulate its mission in changing contexts. ‘Good governance’ ensures that programmes follow the requirements of the NGO’s mission; promotes a performance orientation and accountability in the institution; and requires that the values (integrity, participation, professionalism, quality, commitment), statutes (reporting and legal standards and procedures) and norms of socially concerned civic institutions are articulated, practiced and promoted. An effective structure and process of governance in an NGO is absolutely critical for ensuring accountability in this wider sense.” (Tandon, 2002: 221). This statement is absolutely applicable to BCT.

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