



BEYOND PHILANTHROPY

towards a collaborative approach in India





Dasra is India's leading strategic philanthropy foundation. Dasra works with philanthropists and successful social entrepreneurs to bring together knowledge, funding and people as a catalyst for social change. We ensure that strategic funding and capacity building skills reach non profit organizations and social businesses to have the greatest impact on the lives of people living in poverty.

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A stack of four terracotta pots. The top pot is partially visible. The second pot from the top has the word "Next" written on it in white chalk. The bottom pot has the word "Level" written on it in white chalk. The pots are stacked on a wooden surface. The background is blurred green foliage.

Next

Level

Evolution of Philanthropy in India

Family, philanthropy and business are symbiotic in India. With a majority of wealth being controlled by Indian family businesses - India has the highest percentage share of family businesses in Asia, accounting for 67 percent of total listed companies with market capitalization of more than \$50 million.¹ Therefore, since the turn of the 19th century family philanthropy is often considered synonymous to corporate philanthropy. In fact, the philanthropic activities of most industrial houses and family businesses continue to be led by family members and funded through a combination of corporate profits and personal donations with limited strategic vision and long term engagement.

However, as many successful Indian family businesses move towards more first-generation firms, in contrast with many family businesses in Europe and the U.S., which are already in their fourth or even fifth generation², there is a growing trend towards greater professionalization and separation between family and corporate philanthropy and the term which has been at the center of much debate more recently, Corporate Social Responsibility (CSR).

To better understand the current state of philanthropy in India, it is helpful to consider this evolution through four phases which coincide with key political and economic events that reinforce the close association between family, philanthropy and business; and understanding the legacy effects of these phases on today's philanthropic landscape:

Phase I (1850-1914) is when corporate philanthropic activities were focused on social welfare causes mainly through donations for schools, hospitals and temples carrying the family-name ensuring legacy but also long-term financial obligations. Industrial pioneers of the nation, such as Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhania, Modi, Naidu, Mahindra and Annamali were and continue to be hailed as leaders in philanthropy³

Legacy Effect I: Industrial houses such as Tatas, Godrejs and Mahindras are leading the path towards greater separation of family and corporate philanthropy; with growing efforts to incorporate a shared-value approach(explained further on pg. 18) in business and more professional staff management of CSR. The CEOs of these businesses are still considered key influencers in both family and corporate philanthropy in India and globally.

Phase II (1914-1960) was significantly influenced by Mahatma Gandhi's theory of trusteeship; the aim was to invest wealth in social development as a citizen's responsibility to the greater good. Issues that were widely espoused under this philosophy were women's empowerment, rural development and abolishment of untouchability, critical reforms for a growing inclusive independent nation. Corporates began to see their ability to dominate the country's economic development and hold-firm against the colonial rule. Here began the institutionalization of social development with the creation of Trusts, such as the Sir Ratan Tata Trust.⁴

Legacy Effect II: The present generation continues the ethics of their forefathers, with a growing responsibility to build corporate and family philanthropy. Nisa Godrej, the daughter of business tycoon Adi Godrej says, "My father emphasized the trusteeship of wealth, which means that you do not actually own anything, and that this wealth is held in trust, where my job is to give it my best and leave it for the better of others. It's not really mine..."⁵

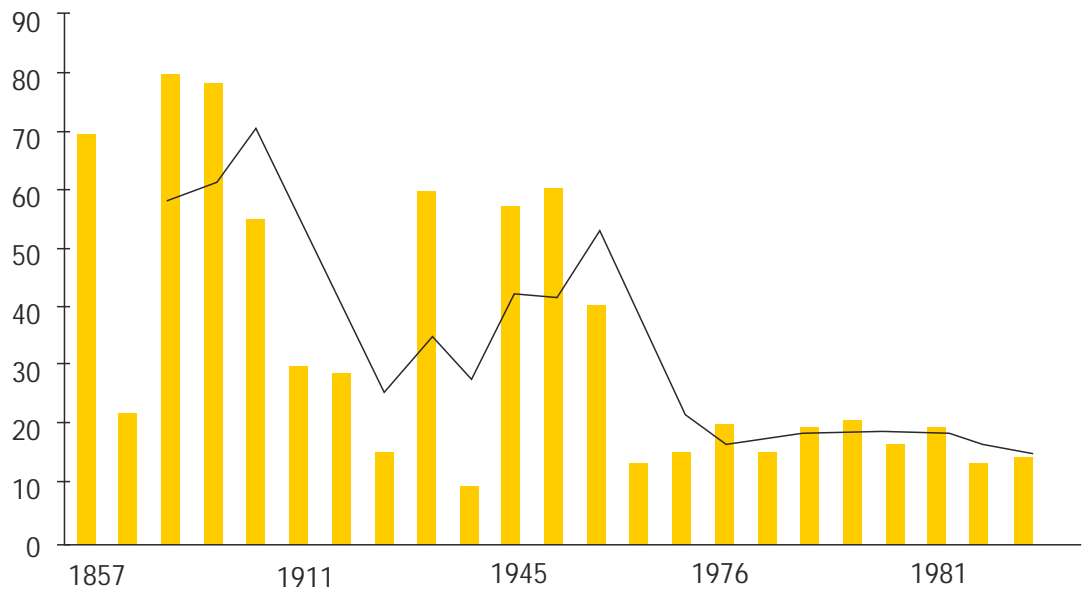
Phase III (1960-1980) was the time when India decided to define its own course, which was neither communism nor capitalism. However, this resulted in a mixed economy where the legal and regulatory framework for businesses activities and the nationalization of key sectors into public-sector companies was predominantly considered development. The role of the private sector in advancing India decreased; often, described as an era of command and control, because strict legal regulations determined the activities of the private sector. The introduction of high taxes, quotas on production and bureaucratic license systems imposed tight restrictions on the private sector and indirectly triggered corporate malpractices. State authorities were motivated to establish Public Sector Units (PSU) with the intention of guaranteeing the appropriate distribution of wealth to the needy.⁶

Legacy Effect III: Initially, the public sector struggled to achieve a balance between employment generation and profitability. But the economic liberalization of 1991 unleashed the hidden potential of PSUs, creating global corporations. Six Indian companies have made it to the Fortune 500 list of global companies in 2006; five of them are PSUs.⁷ Over two years ago, it was made mandatory for the profit-making PSUs to create a CSR budget by allocating 0.5% to 5% of the net profit of the previous year. Loss-making PSUs are not mandated to earmark a CSR budget but advised to integrate business processes with social processes. Through this, it is estimated that a total annual CSR budget of INR 5,000 crore will be created with the potential to make a tremendous impact on the development of the country.

However, many of these funds remain unspent or underutilized and there remains significant needs to build capacity and hand-hold the senior management of Public Sector Units to be more strategic and impactful.

Phase IV (1980 until the present) is closer to the more developed-country approach with a combination of traditional philanthropy through the creation of family foundations, CSR, and corporate philanthropy aligned with a sustainable business strategy. In the 1990s, the Indian government initiated reforms to liberalize and deregulate the Indian economy, business grew to become more transnational with emphasis on improving labor and environment standards. The economic growth made India an important global player, bringing to the fore concerns over the aggravating disparity in the nation and the need for corporate responsibility in changing the lives of those living in poverty.

Considering the pace of wealth creation and formation of foundations, there is a growing demand to support the effectiveness and efficiency of operating a foundation. Considering the average time in years to the creation of the first foundation linked to the business from 1857 to 2000 has halved from 40-50 years to 15-25 years, as shown in the graph below.⁸



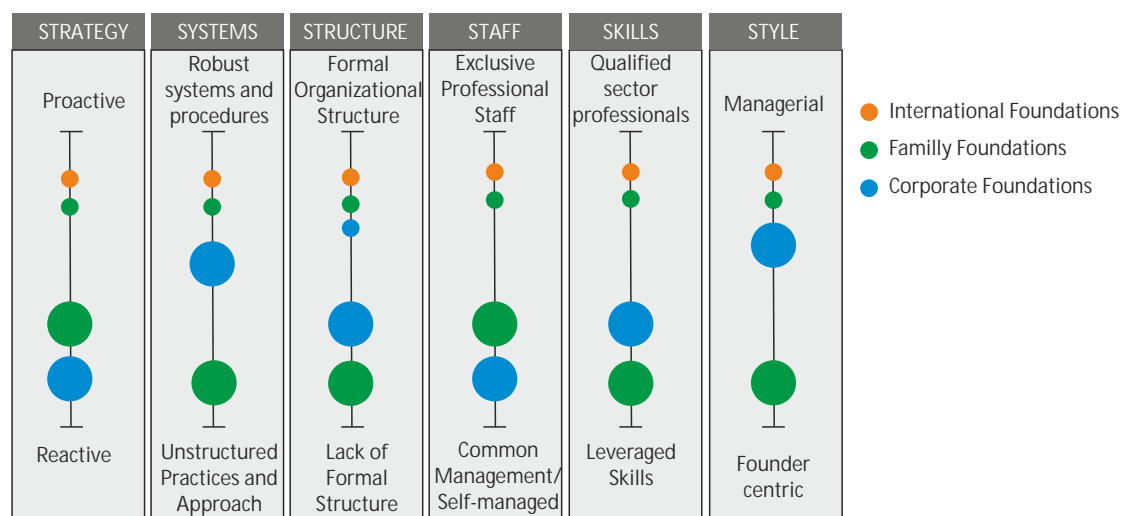
Despite the growth of newly formed foundations, there continues to be an overlap that exists between philanthropy, family and business. Funds flowing into foundations include those of owners, investors, employees and other stakeholders. For instance, Tata trusts control over 65% of the shares of Tata Sons, the holding company of the group and the corporate foundation Biocon Ltd. also serves as the personal giving channel for Kiran Mazumdar Shaw, the Chairman and Managing Director of a leading Indian company. This trend will only continue and the demands for professional staff and strategic inputs increase.

In the last few years, corporates also have become more aware of their social responsibility having stepped up corporate social responsibility spending at a faster rate than their own profit growth. We estimate that corporate giving in India now totals \$1.5 billion—a greater than fivefold increase since 2006.⁹ In 2010, the top 10 philanthropic commitments in India added up to a whopping \$2.5 billion. These were in the form of grants to foundations and trusts to be utilized over the next several years.



Current Landscape of Foundations in India

Foundations in India – international, family and corporate – are at different stages of the organizational lifecycle. International foundations possess managerial capabilities; robust organizational structures and systems; and, professional staff to achieve strategically aligned goals. Indian foundations, barring a few, have yet to achieve a high level of professionalization and strategic foresight. Family and corporate foundations typically tend to be reactive, founder-centric and lack the integrated systems necessary to create sustainable change, at scale. The diagram below depicts the state of foundations in India today.



Strategy: while all international foundations in India are aligned to the Millennium Development Goals which are based on the most pressing and preventable issues globally, most Indian family and corporate foundations operate in the reactive/ responsive mode rather than the preventable/long term horizon. There are few family foundations that periodically assess their goals to ensure that they are addressing the most critical areas of need sustainably.

Systems: International organizations and a few family foundations have built robust procedures around due-diligence, project management, evaluation and assessment to ensure maximum impact of scarce resources. Most corporate organizations, due to the existing business acumen and expertise as well as impact reporting mandates, have built reasonably strong systems to manage and implement social projects. Most family foundations though rely on the founder's networks and personal passions to direct funding.

Structure: International organizations have a structured hierarchy with integrated departments and defined centralized/ decentralized management. while the larger and older family and corporate foundations are on par with international foundations, most Indian foundations lack an organizational structure. In fact, according to a recent study by UBS on the family foundations in India, most family foundations formalized themselves only after 2000.

Staff: International organizations employ professional staff which works exclusively for the foundation. Most corporate foundations share their staff with the corporate, either the Human Resources or Public Relations team if it is centralized or the factory staff if the philanthropic activities are near the business initiatives. Most of the family foundations are either managed by the founder or his/her relatives.

Skills: International foundations employ qualified professionals who have the skills and competencies to understand the philanthropic sector and work effectively with various stakeholders such as the government, international development agencies, and communities to create maximum impact. Since corporate and family foundations typically have shared human resources, they are dependent on the skill sets of the employees, founder or the founder's relatives who might have limited knowledge about how and whom to give.

Style: All international, most corporate and a few family foundations have adopted a managerial style of working, most family foundations in India are founder-centric – driven, managed and sustained due to the founder's passion and area of philanthropic interest.





Typical Characteristics of the Indian Foundation

While giving is an age-old tradition in India, strategic philanthropy is a relatively new phenomenon. Information on the characteristics, trends, challenges, and opportunities for Indian foundations has therefore remained largely undocumented and with limited impact.

The diverse values that drive foundation philanthropy in India

Religion | Passion | Tradition | Creating a Legacy | Preparing the Next Generation | Building Family Cohesiveness | Personal Experiences | New Wealth

India has mainly three types of foundations – family, corporate and international. The following are the characteristics of family and corporate foundations:

1. Understated Philanthropy: Many major philanthropic organizations, especially family foundations, prefer to maintain the confidentiality of their activities and remain low key.

Why

Speaking outwardly about wealth, especially one's philanthropy is not condoned, and is received with distaste in several Asian countries including India. Many believe that giving should be kept personal and discrete in order to be considered legitimate, respectful and humble. In addition to a personal and cultural disposition to be subtle, a number of philanthropists have concerns about the political or business repercussions were their philanthropic activities to be disclosed.

Where we are now

There exists a dichotomy amongst some of India's philanthropists with regards to publicly speaking about their giving, while philanthropists such as Anand Mahindra and Narayan Murthy who are well known givers are willing to showcase the achievements of their corporate foundations at numerous opportunities; however, they are reticent when questioned about their personal giving. Some of this hesitation is changing, although slowly. Recently, UBS, a private wealth management company approached 18 major philanthropists in India to understand their activities and motivations. Despite expectations to the contrary, according to the study, some of India's largest industrialists were extremely open to discussing their giving initiatives, showing a positive trend.

Where we want to be

The power to influence peers should never be underestimated. Not only does speaking out inspire others to give, it also creates the opportunity to share knowledge and networks and ultimately tackle the large social issues that the Indian society faces in a more coherent and effective manner. Just like the value of networks that cross the business world, philanthropists can use similar circles in their field to develop lasting and coordinated approaches to better achieve their remarkable work. India needs inspirational philanthropic role models, who can use their influence and position to not only address inequalities but also encourage others to do so. While generous gifts by UHNWIs are often reported in the media, details of impact are hard to find and the stories of life-changing human impact are left untold. These role models have an important part to play in inspiring and leading the new breed of entrepreneurs emerging in the philanthropic sector, not by focussing on the amounts of wealth given, but on the impact they have created. Furthermore, the philanthropy sector as a whole – whether individuals or older family and corporate foundations – have over the decades, accumulated invaluable knowledge, experience, best practices and some remarkable models from which much can be learned, by those that are already in the sector and those that are yet to get involved in philanthropy.

Proof of Possibility

Having realized the benefits of sharing the why and how they give, some families are now taking the lead in openly discussing their giving at various forums. For example, the Indian Philanthropy Forum facilitated by Dasra and The First Givers Summit, a Give India initiative have shared perspectives of Rohini Nilekani, Anu Aga, Ajay Piramal, Nisa Godrej, Sangita Jindal, Hemandra Kothari and Rashmi Poddar – all leading givers in India today.

Leading Voices in Philanthropy

“I don't like to talk about it (personal giving). I personally believe that philanthropy should not be talked about much.”

Narayan Murthy,

Philanthropist

“In India, a lot of people don't want to talk about the good (philanthropic) work they are doing. In a way that is the dilemma we ourselves are facing: whether to talk about it or not. But then, we were told (by Buffett and Gates) that we should talk about it. People are looking for role models. So, now I've started talking about the work we do, which I haven't really done earlier.”

Ajay Piramal,

Philanthropist

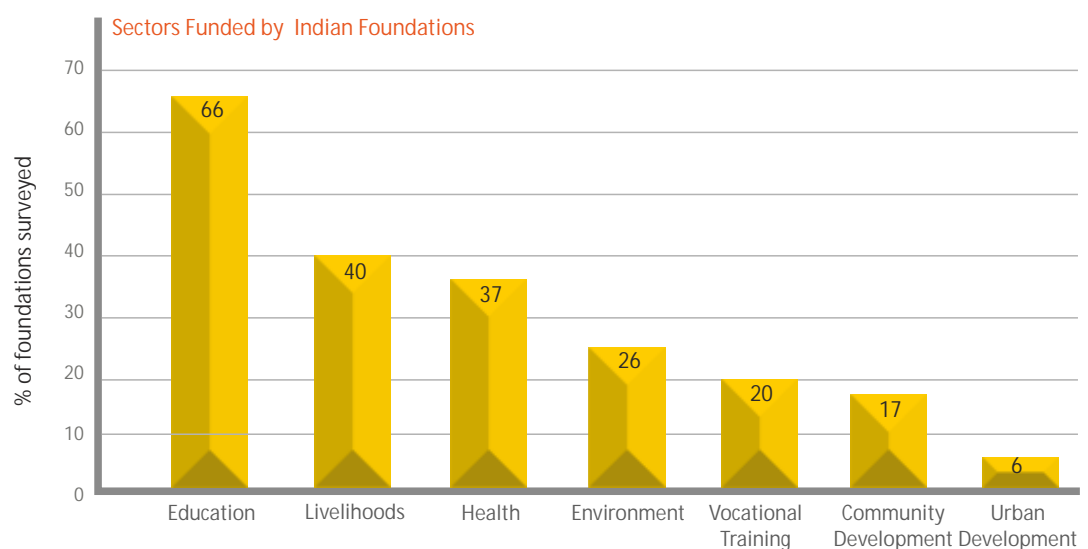
2. Limited Scope: while affiliation continues to play an important role in informing philanthropy, education attracts the highest percentage of philanthropic contributions

Why

Affiliation is one of the main drivers of giving in India with contributions going toward one's ethnic community, religion and geographical region and is mainly determined by faith (in case of religion) or creation of goodwill (in case of community or region). The disproportionate giving to education in recent times has various reasons. Firstly, charitable giving to education has deep cultural roots, often tied to Hindu, Islamic, Christian and other religious traditions. For most Indians, the rise to wealth from conditions of poverty has a genealogy of less than one or two generations. Successful entrepreneurs have a deep recollection of deprivation, and most prevalent is the sense of having been deprived of a high quality education. Many either persevered to their current status in spite of not having access to a decent education, or only because they were lucky enough to find a helping hand to complete their education. There is also a belief that contribution to education is the most sustainable strategy for uplifting not only individuals but entire families from poverty. Finally, a range of pragmatic reasons also favour contributions to educational causes which include significant investment from the government with match-funding in specific cases, the perception that contribution to education is politically neutral, the reputational benefits of being associated with or even naming a building or program at a prestigious educational institution, and the ability to tie in contributions to research programs with business objectives.

Where we are now

Affiliation continues to play an important role in Indian philanthropy. While family foundations work to improve the conditions of the place they migrated from or help their own ethnic or socio-linguistic communities, corporate foundations engage employees to contribute towards sustaining communities "in their backyard". Although, there is indication that this is changing, and foundations are increasingly looking to fund social causes beyond their circle of affiliation. These sectors, apart from education, include health, livelihoods, women's empowerment and social entrepreneurship. However, Dasra's foundation mapping reveals that there is a disproportionate funding towards education with most contributions going towards providing access to primary education, building higher quality learning/training institutions and enhancing employability.



Where we want to be

While affiliated giving with limited scope is expected to continue, it needs to be balanced with considerations of where one's contributions can have most social impact. As far as traditional sectors such as education or rural development are concerned there continues to be a massive need for investment in them across India. But foundations that want to contribute to the sector need to think more strategically. In the past while some visionaries in the 19th century established institutions such as the Benares Hindu University and Aligarh Muslim University, today's philanthropists need to reflect whether today's contributions will address the critical issues of tomorrow and have the maximum impact balancing this with the role of the government and its responsibilities to a better society. Foundations need to identify and support those areas where needs are not being met by either the government, private or non-profit sector. For instance, in education, there is a massive need for financial contribution to skills development, teacher training and high-quality curriculum especially since 90% of children attend government schools.

Proof of Possibility

Azim Premji has chiefly contributed to establish Azim Premji Foundation and has donated \$2 billion worth of shares. According to Azim Premji Foundation, it "aims at making a tangible impact on identified social issues by working in active partnership with the Government and other related sectors of society" and programs offered are mainly for "creating effective and scalable models that significantly improve the quality of learning in the school and ensure satisfactory ownership by the community in the management of the school". This foundation "dedicates itself to the cause of Universalization of Elementary Education in India". It has successfully improved the quality of general education, mainly in rural schools. Forbes magazine named him the Bill Gates of India for his charity work. The foundation is dedicated to improving education and is both, operating and strategic in its approach¹⁰

Leading Voices in Philanthropy

"My wife and I were motivated to give because we received our education at an institute like the IIT, barely paying INR 200 (\$ 4) as fees. So we are obligated to give back."

Nandan Nilekani, Philanthropist

After donating over \$5 million to Indian Institute of Technology (IIT), his alma mater

"When the foundation started, we were more focused on the giving aspect of charity as opposed to structured philanthropy...eventually we began to start on initiatives that were more sustainable in nature, such as the Bharti Libraries. The idea was learn to read and read to learn. It was a small investment but to my mind, the impact was very large."

Sunil Bharti Mittal, Philanthropist

"Must the way we give then change? In the early days, philanthropy was about creating development institutions such as hospitals, and initiatives which were more about nation building than ours are today. Today, our initiatives have greater focus, for example, discrimination against the girl child; microfinance; water harvesting..."

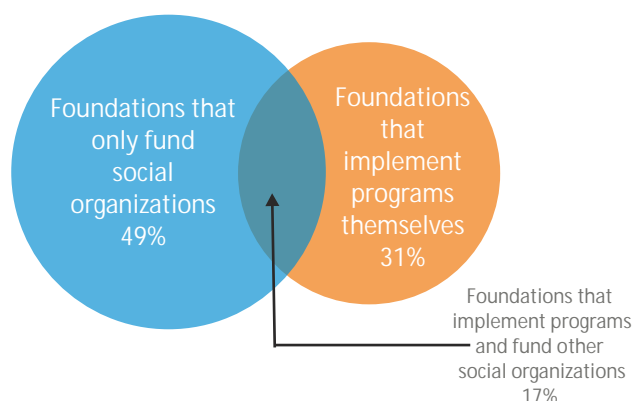
Ratan Tata, former Chairman of the Tata Group

3. **Narrow Foresight:** There is a strong predisposition for foundations to utilize a substantial portion of their funding for implementing their own projects rather than investing in existing initiatives.

Why

There are a number of reasons why foundations choose to implement programs themselves. On one hand, for philanthropists such as Dr. Anji Reddy and Rohini Nilekani philanthropy is very closely linked to their values or personal experiences, and creating their own operation gives them the ability to involve themselves deeply in achieving their philanthropic objectives. On the other hand, foundations find it difficult to work with external partners – they are uncomfortable working directly with government agencies due to the limited efficiency and effectiveness of the bureaucracy and doubt the ability of non profits to deliver impact. According to most foundations, non profits lack transparency, accountability, the capacity to execute at scale, and the ability to deliver to corporate standards. Establishing their own organizations enables philanthropists to give without fear of waste or corruption which they often see in the public and non profit sector.

Where we are now



Today there is a wide range of foundations that focus somewhere between a fully operating foundation to one that is strategic – funding other non profits or government initiatives. However, there is a trend for foundations to be sector (education, health, livelihoods, etc.) or geographically focused leading to greater need for collaboration and ecosystem building.

Where we want to be

Corporates and families that give – regardless of whether they operate through a foundation or not – face the challenge of distinguishing between good and poor quality initiatives. Establishing operating institutions is not the most efficient approach. Organizations that can intermediate effectively and offer them the necessary means of judging quality can increase or improve the flow of philanthropic funds that are more strategic.

Proof of Possibility

By 2009, Desh Deshpande had given out a total of \$10 million to more than 80 projects, 23 of which had taken root and attracted more than \$300 million in venture capital. This success inspired the Deshpandes to launch a \$10 million initiative called the Social Entrepreneurship Sandbox (SES). The basic concept behind the SES was simple enough – to create ideal conditions for “social entrepreneurship” by adhering to four core principles: all projects had to be local; SES advisors would work hand-in-hand with grant recipients; the emphasis would be on nurturing new initiatives and helping them grow to scale; and, SES advisors would push for the adoption of sound business practices. There is a lot more to the SES than that, of course, but the bottom line is that it represented a fresh approach to some old and difficult problems. The Deshpandes chose India as their testing ground, in particular the Hubli area in Northern Karnataka, where Desh was born and where his family still lives. The Sandbox program has collaborated with several stakeholders to build Hubli.

Leading Voices in Philanthropy

“Philanthropic institutions in India still believe they're charitable and therefore must operate on a shoestring.... This needs to change — they have to recognize that a nonprofit has as much responsibility for being professionally run as a corporate body.”

Ratan Tata, former Chairman of the Tata Group

“Nanhi Kali (a non profit established by Anand Mahindra) showed me that it's not the philanthropic desire that is missing. What are missing are governance and organizations that people can trust to use their money effectively and honestly...And once donors experience the heady glow of realizing that their small gift is making a big difference (because of the transparent donor reporting systems of Nanhi Kali) to someone else's life, the “how often” takes care of itself.”

Anand Mahindra, Philanthropist

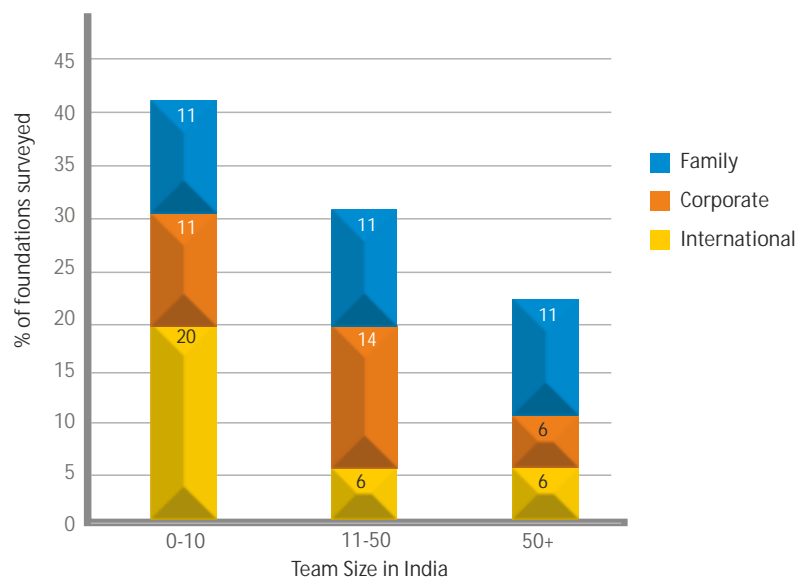
4. Intergenerational Interplay: Different generations balancing divergent philosophies

Why

Family controlled businesses remain the most common form of business organization in India and corporate wealth is the typical source of funding for philanthropy. Therefore many overlaps exist between family, philanthropy and business. Philanthropy is usually considered the glue that not only binds these entities but several generations together. It plays an important role in generating cross generational cohesion, creating meaningful roles for family members who are not directly linked to the business, developing capabilities and instilling important family values in the next generation – all of which are critical to the success of the family, its philanthropy and the family business.

Where we are now

While a majority of wealthy individuals in India are still mainly focused on creating wealth, their family members are taking an active role in shaping and directing philanthropy. Older members transition from business to the foundation playing an important role in maintaining family values. The younger generation, on the other hand, initiates its career at the foundation, developing the capabilities and knowledge necessary to eventually step into a role that carries forward the family business. However, all the generations vastly differ on their experiences and aspirations regarding philanthropy. The older generations tend to prioritize traditional sectors and modes of giving, the younger generation, educated in western universities and largely influenced by international practices, confers greater value to addressing the inequalities they see in society, professionalizing their modes of philanthropy and measuring the impact of their giving. Further, Dasra's research shows (refer graph below) that family foundations vary in terms of the professional teams they employ – while some prefer to control their philanthropic activities themselves, a significant number of non profits are now hiring professionals to articulate strategic approaches and building teams that actually implement programs.



Where we want to be

Generational diversity must be actively embraced as a source of strength for families, businesses and philanthropies, rather than allowed to become a basis for discord. Indian foundations will be successful if they leverage the experience of the older generation and the professionalism of the younger generation together with the expertise of non-family members who can provide strategic guidance on giving more effectively.

Proof of Possibility

Dasra has seen the rise of active participation from next generation philanthropists such as Nisa Godrej, Nandini Piramal and Aditi Kothari. All have engaged professionals to run their corporate foundations and continue to play an active role in driving strategy and impact. In fact, these new leaders are balancing growing business responsibilities and building strategic corporate and family philanthropy.

Leading Voices in Philanthropy

“They (the new generation of philanthropists) are spending not just money but also their time...this new generation is good for the future of philanthropy.”

Azim Premji, Philanthropist

“My daughter, Jahnavi, is involved in Arghyam. This is not out of “philanthropy nepotism” but for the analytical skills that Jahnavi has acquired through her studies in the US and which she brings to strengthen the foundation. The foundation is also a means for her daughter to learn the ropes about being a philanthropist.”

Rohini Nilekani, Philanthropist

Summary of Current Challenges and Future Needs

CHARACTERISTICS	GAPS	NEEDS
Understated	<ul style="list-style-type: none"> ● Lack of knowledge sharing, best practices and replicable models ● Absence of 'motivating environment' 	<ul style="list-style-type: none"> ● Forums for open dialogue and discussion about critical philanthropic issues, successful models and impact ● Sharing learning of replicable models through documentation of best practices to encourage impactful giving amongst peers
Limited Scope	<ul style="list-style-type: none"> ● Giving restricted to education and certain geographical regions ● Lack of strategic investment building stronger institutions rather than traditional sectors such as infrastructure of schools and hospitals ● Lack of rigorous impact assessment ● Attitude of 'giving to the beneficiary' instead of 'building the sector' 	<ul style="list-style-type: none"> ● Inform foundations about critical, underfunded areas such as urban issues, sanitation, malnutrition, environment based on research and evidence from the ground-up with up-to-date data ● Advice on catalytic non profit models and ecosystem building efforts to build a holistic approach to traditional sectors maximizing impact ● Build the ecosystem which supports strategic philanthropy by funding academic institutions, benchmarking studies, best practice reports and networking associations.
Narrow Foresight	<ul style="list-style-type: none"> ● Lack of knowledge about credible non profits ● Tendency to “play it safe” and avoid risks ● Lack of aspiration to build beyond financial contributions ● Non profits lack the capacity to deliver impact at scale ● Lack of collaboration between foundations, government and non profits ● Lack of innovative models of giving 	<ul style="list-style-type: none"> ● Intermediaries to filter credible and impactful non profits ● Foundations need to undertake seed-funding for proof-of-concept projects ● Educate, train and build capacity of non-profits to deliver high-quality results at scale ● Need to build movements and interest to participate from several stakeholders, leveraging the power to influence ● Mediate meaningful dialogue between various stakeholders to enable effective partnerships
Intergenerational Interplay	<ul style="list-style-type: none"> ● Fragmented goals and strategies ● Too much autonomy hinders scale 	<ul style="list-style-type: none"> ● Professional team and management that enables strategic focus, greater scale and optimum impact





Opportunities for Improving Impact

Family Foundations: Catalytic Philanthropy

Catalytic Philanthropy: Catalytic Philanthropy is a term coined by FSG that refers to innovative practices that have the potential to catalyze social impact at scales that far eclipse the amount of financial resources invested – just as in chemistry, the addition of a small amount of catalyst causes or accelerates a much larger chemical reaction.

Development requires large amounts of sustained funding that is beyond the scope of single family foundations and usually even groups of such foundations. However, there is considerable room for families to play a catalytic role in addressing emerging problems.

Free of political pressures faced by government and foreign funding agencies, as well as shareholder pressures faced by corporations, family foundations have the potential to influence systemic factors by encouraging innovation, funding proof-of-concept projects, influencing public policy, building institutional capacity and experimenting with new forms of funding. This will require:

- Shifting philanthropic orientation from “giving back” to “solving social problems”
- Considering a broader set of critical social issues such as child mortality, poverty alleviation, malnutrition, diseases such as malaria, tuberculosis and diarrhea, and environmental sustainability
- Building the capacity of the non profit sector for greater scale and impact
- Accelerating change by sharing meaningful impact data and philanthropic practices

Corporate Foundations: Shared Value

Strategic Corporate Philanthropy: “Many companies actively distance their philanthropy from the business, believing this will lead to great goodwill in local communities.... Few have connected giving to areas that improve their long-term competitive potential. And even fewer systematically apply their distinctive strengths to maximize the social and economic value created by their philanthropy.”

- Michael Porter, Harvard Business School

Corporate philanthropy in India has by and large taken the form of individual family philanthropy with little or no linkage to the original business models from which they emerge leading to several questions regarding its sustainability and impact. There is a growing trend however now, towards greater professionalization and separation between family and corporate philanthropy leading to the rising importance of Corporate Social Responsibility (CSR).

An initiative, which takes cognizance of the many examples globally and seeks to present an inclusive alternative, is the concept of 'shared value' as defined by Kramer and advocated by FSG. The premise behind this concept is that 'market-based solutions to social problems can and do create competitive advantage'. The concept of shared value seeks to promote inclusive growth as a key agenda in India's economic growth story. Corporations are finding new ways to accelerate growth and increase competitive advantage through innovative business models that meet societal needs and help create impact at scale.

A well known shared value example is that of Nestle, that decided to train and assist cocoa smallholder farmers to foster rural development while ensuring a reliable supply of high quality raw materials. This rural development strategy has had a direct impact in furthering the company's business goals while at the same time ensuring sustainability of critical stakeholders in the supply chain.¹¹

Further, in sectors such as healthcare and sanitation companies such as Novartis India, Vaatsalya, General Electric, and WaterHealth India are beginning to recognize health challenges as business opportunities. They are creating shared value by extending access to medicine to rural areas, developing innovative medical devices tailored to low-income populations, and improving sanitary conditions as well as access to clean drinking water.

The case for shared value is therefore well accepted and is viewed as a renewed approach to CSR, which involves creating scale and sustainable social impact while at the same time strengthening business competitiveness. To develop strategic corporate philanthropy the following is necessary:

- Critical strategic advice and hand holding through an implementation plan for leading corporate foundations interested in developing a shared value approach which will require investment in both financial and human resources from corporates.
- Evidence building based on data from the ground-up that helps with a targeted approach for both sector and geography
- Developing a collaborative approach that facilitates participation of various stakeholders, including government, experts, academics, business leaders, non profits, corporates and civil society.
- Documentation of approach and impact to prevent reinventing-the-wheel and promote innovation within sector or geography





Conclusion: A Call for Collaboration

"We support collaborative problem solving, program development and skill-based volunteering that leverages the enormous expertise of Citi and its employees and maximizes grant resources so we can fulfill our mission."

– Citibank CEO

The call to action is actually a call for collaboration. Addressing social issues faced by India today will not be solved by a single actor. Today's challenge of water scarcity, poor quality of education and severe malnutrition requires the deconstruction of this complexity with the joint responsibility of solutions held among a more diverse group of partners.

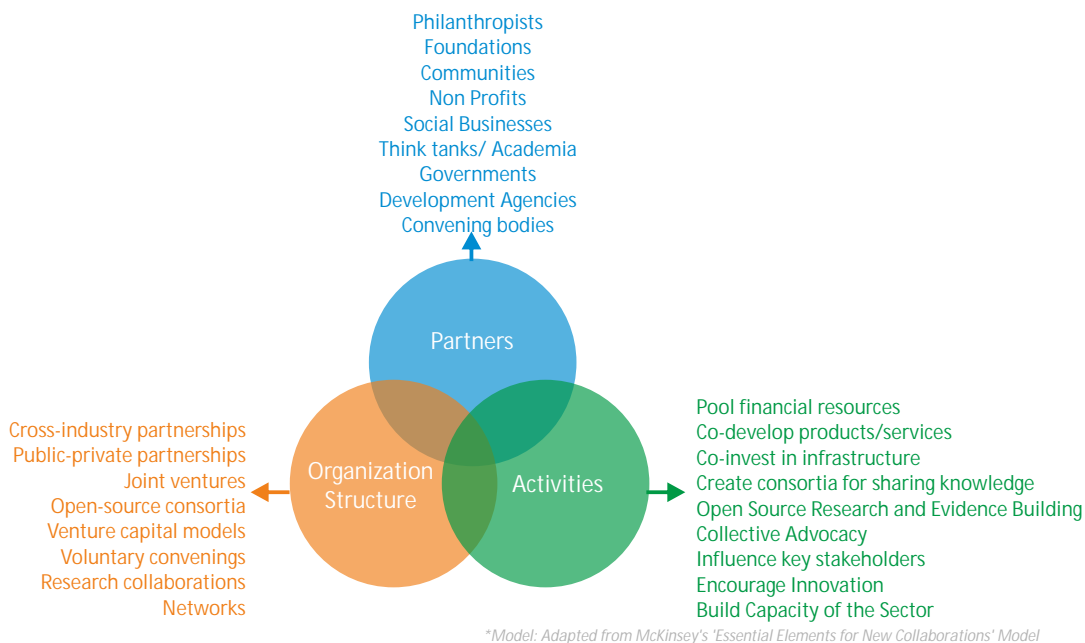
Corporates are well positioned at managing the complexity of social issues such as driving fact based decision making, strong team based problem solving, root cause analysis, wide networks for potential partners, access to talented people and results orientation.

Considering the growing requirements for corporate social responsibility to be more responsible, there is the power to go beyond historical levels of engagement and create a new framework for collaboration.

In fact, experts say that collaboration is essential when:

- Benefits from collaborating are larger and more impactful than any one single player could achieve individually
- The complexity of the issue requires broad skills, experiences to solve from technical expertise to regulation and monitoring where different players bring different core competencies
- A larger group of stakeholders with different individual motivations see the unified benefit of working together

Therefore, India must seek to define its own framework for collaboration which includes philanthropists, industry groups, foundations, non profits, think tanks, governments, multilateral agencies, academic institutions, networks and associations. This collaboration needs both management and facilitation by crucial leadership in implementation of these efforts.



This new approach requires individual and institutional philanthropy to go beyond immediate, individual impact and think about collective action for collective impact. It is crucial for businesses to understand that this is not a zero-sum game, that increasing shareholder returns and building an inclusive society can be two sides of the same coin leading to a tangible competitive advantage. It is now time for business leaders to step out of the typical business mindset and acknowledge the value of and the inherent growth opportunities that come with investing in corporate social responsibility or philanthropy because eventually, the cost of inaction will far exceed the cost of action for the business itself.

Abbreviations and Acknowledgments

Abbreviations

CEO: Chief Executive Officer

CSR: Corporate Social Responsibility

HNWI: High Net Worth Individual

PSU: Public Sector Unit

UHNWI: Ultra High Net Worth Individual

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Endnotes

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