*CSR is Integral to Good Business Principles*

Haruo Funabashi, a law graduate from University of Tokyo, served the government for over three decades; and, as visiting faculty to the Hitotsubashi, University in Tokyo, he researched and authored a Japanese book summarising case studies on some 20,000 Japanese companies that have grown over a hundred years. Many of them are between three to hundred years and one is fourteen hundred years!! Funabashi visited Panchgani, India in 2007 through the Initiatives of Change CIB -CRT Japan. Based on the above, Anant G Nadkarni of the Tata Council for Community Initiatives and the Tata McGraw-Hill published a book on some key stories of this research known as "Timeless Ventures", in 2009. The objective of the book was to bring out how the Tata group in particular and Japanese companies had integrated CSR and Sustainability with their business principles. The common aim was to put all people concerned with the business in the centre stage of its growth. So, this book presents a 'living history' of business and on CSR and Sustainability for both, leaders and managers. Sarosh Ghandy who leads Caux Initiatives for Business (CIB) has kindly written the foreword.

The Context: The 2014 CIB Confluence focuses on CSR. However, we all agree that business cannot run separately as usual and exploit its people and then legitimise it by doing some CSR on the side!Funabashi quotes the Japanese and Indian philosophies on our common belief in co-prosperity as the foundations for building institutions like business. There are references to the influence of Buddhism and social values such asempathy, tolerance, understanding and real care. In this note, the social and environmental dimensions are emphasised more and the reference to business is only to their points of integration.

The Principles: Considerable work is done in this book to bring out the business dimensions and thesystemic areas for work, as the original records are amply evident and through detailed anecdotal accounts. I have visited some of these companies located in three cities in Japan to experience and see material preserved over the centuries.

1. Leadership Driven by Values: Sound leadership and its influence on governing an enterprise clearly shows that they are family owned and values have the highest place. The style of leadership is motivational where all stakeholders are encouraged to make choices about business process. The central values are treating people well and trusting them. Leadership encourages employees and others to put precepts into practice with responsibility. For six hundred years and over, vision mission and other purpose related documents are reverently maintained!

2. Long-term Viewpoint for Sustained Growth:

Business has to think long-term and include long-term needs of all those associated. Farsighted aspirations and vision has to become their purpose in order to be sustainable. Employees are trained continuously, and their socio-economic needs are met as part of duty. While quality of raw materials is inspected carefully, long term needs of suppliers are looked into to help them invest on an on-going basis.

3. Customer is Highly Respected: Problems of customers are attended with utmost care and are requested to say how the business ought to constantly improve. Customers can protest about price or whenever better quality is offered by competitors.

4. People are important, and so is Merit: While the

life-time employment guarantee is a consistent given, responsibility taken by employees and the acceptance of merit are a two-way exchange for sustainability. There is much evidence of the help provided by companies to employees. There is also equal or more evidence as to how employees gave

back to employers. The rule of law or Rules of a

company have little to do with so much evidence m

self-imposed behaviour.

*5.* Social Responsibility & Nation Building: All

companies have a clear understanding that they exist for social good and for the nation. The needs of society are known through customers, institutions for underprivileged, government authority and proper programs translate intent into practice. While this is not mandated so far, employees and business associates pitch in money and kind. The focus is on health, education, socioeconomic well-being.

6. Continuous Innovation & Improvement:

Although this is a more of core-business practice, there is evidence of constant improvement in content and scale in social outreach. Traditional businesses engaged in manufacture of war

equipment and the famous samurai swords and so on diversified into housing and home-related artefacts. In one case using their knowledge of metallurgy they have perfected the art of wind

chimes of a world class! Passion for quality is all pervasive.

7. Frugality & Efficient Use of Natural Resource:

Frugality is a social and individual virtue. Any wasteful consumption is noticed and corrected. Businesses proactively engage experts to restore biodiversity and ecological balances. At a personal level, they respect simplicity and frugality and

deplore high consumption. Philosopher Ishida Baigan says, "I underline frugality in life, not because we can become rich by it, but because we can also go the honest way".

8. Institutionalise Good Practice & Legacy: One of

the most significant principles is the importance given to institutionalisation. This is surprising even as most companies are family-owned. On one side, there are well documented and preserved set of laws, rules, and formal direction from time to time. But interestingly, leadership takes efforts to consult people concerned and draw consensus that these would be followed. Society at large is consulted by different levels of conversation on these matters and allowed to correct process and behaviour. So, a typical company has systemic footprint as also and more importantly personality legacies of leaders! !

Beyond the Principles: There is a convergence among Japanese and Indian experiences in running institutions that the formal forms of rules, notifications, orders, norms are for convenient institutional-memory of one kind. But don't institutions run mostly on behaviour and practice on the ground? So they believe in Rules and Norms (Niti) like all of us. But there is an unstated element which is more of actual behaviour, initiative or practice (Niyat) emanating out of one's belief and conviction. In the CJB context where, personal conviction and initiatives count, behaviour and practice or Niyat have greater convergence.Funabashi has thrown more light on this when he discussed this with Mr. K. A Chaukar, then Chairman of the Tota Council for Community. Initiatives, with me and Mark Goyder, when he recently wrote "Living Tomorrow's Company" in 2013. The question is about actually giving something in an enduring manner for decades or centuries. In that context, Funabashi reveals that there are a few things in the 'belief system' of business that make CSR more meaningful:

1. Freedom from Greed: One ought to believe in moderation of Profits. Everyone will tell you that Profits are necessary, but no one will tell you what moderate Profit is. One has to figure that out (taking the help of the inner voice perhaps)!

2. Perfection, not Scale is the aim: Business focuses on perfecting its products and services. It is developmental rather than numerical growth. So quarterly results is not a good practice here!

3. Personal Values matter: Frugality for instance results from personal values about sharing, among the poor. Extravagance in life style comes from lack of that conviction. Managers and staff are judged by their behaviour akin to their personal

values and depth of their conviction. This is very

interesting because it is tacit.

4. Universe is one indivisible whole: This converges with our Indian spirituality. In practice it manifests as the belief that we must never manipulate the system. Never bribe or take a bribe.

Can this be taught in a class room or can we develop

process sheets for these deliverables? The ability to

apply profound value to work is incredible.

5. Moderate consumption of resources: Should a law maker or a Standards body show how to close a running tap of water!? The idea of appropriate or (yukta in Sanskrit or logaan in Swedish) has to be understood by observation and personal values.

CSR when practiced out of an initiative or by choice is far superior to that which is done for the sake of law or because the poor have to remind. CSR may be a separate activity in some cases, but whether business has the enablers or not will make

all the difference.