

Corporate Social Responsibility

Development comprises the activities designed to improve the standard of living of the indigenous peoples and their communities affected by the project. This process can be greatly enhanced by Corporate Social Responsibility if private sector sincerely engages in the process of development. Conscious of her CSR, NTPC with the support of all its shareholders, actively worked towards improving the living conditions of the population in the project impacted areas.¹

Contractors and private enterprise for profit must understand and practice in real terms the concept of service and selfless effort to help others who may be impacted by their endeavours develop. This is particularly so among rural poor and vulnerable people. Such people often have to suffer the experience of being exploited and taken for granted with their immediate or short term needs being satisfied by very little. It is not too far back in time when explorers from Australia went to Papua New Guinea in search of gold. The explorers used the knowledge and labour of local people to dig for gold and in return gave them cigarettes, which the natives were quite happy with. Many large organisations, concerned with mining and other development projects, have used cheap hand-outs only to satisfy the superficial short term needs of local communities who are impacted by such projects. As far as health service to impacted populations is concerned, it is often a clinic or two, providing free treatment to the local communities, available during the building phase of the project. These limited health services are closed or neglected when the active construction phase is completed and the communities are left to fend for themselves or left to the governments to take over with little support. Since these projects are often in rural and remote areas they do not come under the priorities of the governments. At the same time the impacted people are too defenceless to demand or fight for their rights for basic services. Such communities are often left with no option other than to be satisfied with minimal

services, as prior to their arrival there was nothing available in the area anyway.

Corporate Social Responsibility (CSR)² is voluntary responsible behaviour of enterprises towards society and presupposes legal compliance. Societies differ by nation, history, culture, language, religion, level of education, way of thinking and many other factors. In the western countries CSR and related activities are an essential corporate requirement that are well regulated and this is significantly different from many other regions. The basic principles of social responsibility are accountability, transparency, and ethical behaviour as well as communication within the network of people, groups and organisations that have an interest in business through development. These varied networks, includes the communities that are also stakeholders impacted by any such projects undertakings

Accountability means that the business is willing to take responsibility for the impact it may have on its specific environment. The owners should be able to explain and justify the decisions taken. Accountability is important in the case of decisions which affect clients, employees, suppliers, neighbours or the local community in important economic, social and environmental aspects. Accountability also is the willingness and ability to revise and correct wrong decisions, take responsibility for damage caused and adopt preventive measures. It helps enterprises make these decisions understood and therefore is a way to enhance credibility and reputation.

Transparency means to make information available about the enterprise's decisions and activities regarding the relevant social, economic and environmental aspects of its operations. Such information can be made available on an ad hoc basis, but businesses may evaluate whether there is a legitimate and strong interest in having a more regular information flow to their clients, partners,

employees or other people and organisations in their network.

An enterprise should behave ethically, meaning that all decisions should be taken and carried out in an honest, fair and reliable way, without accepting illegal benefits or conflicts of interest. This includes the economic operations of the enterprise as well as a concern for people and the environment. Ethical behaviour is being influenced a great deal by the personal values and sense of responsibility of the owner-manager, such as the willingness to treat other people as equals and with dignity, to keep his/her word or to help others. Only if ethical behaviour is being practiced continuously in daily life will it provoke reciprocity and trust, so that the receivers of ethical behaviour themselves adopt such attitudes.

Active networking becomes an important principle for successful business to ensure communication and resolve possible conflicts in a better way. A business should identify who has an interest in its decisions and activities and importantly who is effected by such outcomes, so that it can understand its possible impact and how to address it. This should not be limited to clients and suppliers as every business group may also have rights, claims or specific interests which might affect the daily work of the business and should be taken into account. Each enterprise should consider itself as part of, and not separate to, its corresponding local or regional structure and societies according to its size and abilities.

CSR is not only an ethical issue but it is of great benefit to the enterprises in the long run. The major benefits of behaving in a socially responsible way could be:

1. Higher motivation and productivity among investors, employees and contractors
2. An increased reputation and trust that leads to higher appreciation from customers and suppliers and all other stakeholders that are impacted by its

activities, therefore aiding its greater economic success

3. Enhanced recognition as operating publicly in society involves consideration for the intentions of customers, representatives of local communities, banks and other important stakeholders contacts
4. An acknowledgement of commitment because CSR is not a short-cut to business success but instead requires financial investment that pay off in the longer term
5. A higher acceptance within the community because CSR makes a business adapt more quickly to the needs of its impacted stakeholders, their environment as well as its clients.

Often corporates raise an issue when discussing CSR that a private company is not an NGO, yet many corporates make donations to voluntary organizations who may be doing social development work. Carnegie—who famously said that the wealthy should consider their wealth to be trust funds that they should use for the good of the community³— The Question may be asked, what is wrong for a corporate to act like an NGO with a sincere goal of making the deprived poor communities move a step further for better livelihood and sustainable future, through a small contribution from their sizable profits?

In compliance with the EDF Groups agreement on Corporate Social Responsibility and NTPC being a major part of its interest, CSR was a priority issue for the company and every effort was made to employ the principles discussed here in the NT2 project. At a fraction of the cost of the construction project, NT2 project was able to benefit large areas in Lao PDR and poverty removed in a considerably short period of time. The deprived status of the districts in Khammouane province, which was adjudged to be one of the most deprived and poverty stricken area of Laos; after five years into operation phase, only one district remained in deprived status and clearly Nakai district has been graduated out of poverty stricken districts.

¹ Agreement on EDF Group Corporate Social Responsibility. EDF Group CSR Agreement – 2009

² NORMAPME User Guide for European SMEs on ISO 26000 Guidance on Social Responsibility. First edition, July 2011.

³ *North American Review* (June 1889). Reprinted in *The Annals of America*, vol. 11, 1884–1894 (Chicago: Encyclopaedia Britannica, 1968), 222–226.

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