

# ROTARY INTERNATIONAL PRESIDENT K. R. "RAVI" RAVINDRAN on CORPORATE SOCIAL RESPONSIBILITY.

## RI President K R Ravindran's speech at Mumbai

### Summary:

Highlighted are Sir Jametji Tata, the Birla family, Bill & Malinda Gates, Mark Zuckerberg, Pierre Omidyar

*Doing the right thing to make the world a better place for our children.*

**Action:** Do your part - accept your role as a socially responsible corporate leader.

### Speech:

"The idea of corporate social responsibility, the idea that not only individuals, but businesses, have responsibility for others, is not new of course. It dates back to the concept of corporate personhood, which is itself as old as the Catholic Church—many hundreds of years.

Here in India it goes back to Sir Jamsetji Tata, who said that in building modern India, what advances a nation or community is not so much to prop up its weakest and most helpless members, as to lift up the best and most gifted so as to make them of the greatest service to the country.

The freedom struggle, and Gandhi's leadership of it, in the early 20th century was another turning point.

Gandhi exhorted businessmen: 'You should regard yourself as the trustees and servants of the poor. Your commerce must be regulated for the benefit of the toiling millions and you must be satisfied with earning an honest penny.'

In the following years he would caution them further: 'Earn your crores by all means. But understand that your wealth is not yours; it belongs to the people. Take what you require for your legitimate needs, and use the remainder for society.'

One of his greatest supporters throughout that time, as Raja has just told us, was I am told, none other than G D Birla, who put himself and his resources at Gandhi's disposal—not only for the freedom movement but also for his constructive programme of removal of untouchability, popularization of khadi and village industries, promotion of basic education and Hindu-Muslim unity.

The exact amount donated by Birla for Gandhi's causes is not known to the public, except I suppose to the family, but, according to his biographers, the amount ran into millions of rupees.

In this kind of generosity, they were generations before their time. The Birla family saw corporate social responsibility as an obligation, long before the idea even had a name. And clearly their investment is one that continues to earn its returns, not only for the company but for all of India.

Today, his progenies have driven the Aditya Birla Group to the forefront of the world of business—while continuing to honour, in word and in deed, the principles on which the company was built.

## **ROTARY INTERNATIONAL PRESIDENT K. R. "RAVI" RAVINDRAN on CORPORATE SOCIAL RESPONSIBILITY.**

But Smt Rajshree Birla's support of the work to eliminate polio, which we are recognizing here today, goes far beyond generosity.

It is more than generous: it is visionary. Her gifts have had a real and significant impact on making, and keeping, India polio-free.

They have changed the course of India's history as surely as her husbands revered grandfather did seventy years ago, through supporting its independence. They have moved the entire country forward, into a healthier and more stable future. And for that, we thank her, and recognize her tonight.

Today, these ideas, on which the Birla group was founded, have now become common currency—de rigueur, in the largest and most influential companies in the world.

I walked into the lobby of the London headquarters of Marks & Spencer, one of Britain's leading retailers, the first thing you see is a giant electronic ticker. If you stand there and read, you will hear not about the company's stock values, or the news of the day, but news of a different kind. The news you will read is the progress the company is making against "Plan A", a set of 100 worthy targets they have set for themselves over five years.

The company will help to give 15,000 children in Uganda a better education; it is saving 55,000 tonnes of CO2 in a year; it has recycled 48m clothes hangers; it is tripling sales of organic food; it aims to convert over 20m garments to Fairtrade cotton. They have made themselves accountable for reaching these goals: every store has a dedicated "Plan A" champion.

If you look at the curriculum of today's business schools, you will see course after course on variants of the same idea: corporate social responsibility.

What was once considered a luxury in the corporate world has become a necessity.

Enron, WorldCom, and now Volkswagen have showed us all too well how a reputation that took decades to build can be destroyed in a moment.

Environmental impact is a huge driver of growth in CSR, with study after study showing that consumers will pay more for products that they perceive to be "green."

Today, \$1 out of every \$9 under professional management in America now involves an element of "socially responsible investment." An increasing number of investors are choosing socially and environmentally responsible investments, even when the returns are not as high—choosing the welfare of their communities and the planet, over maximum enrichment to their own wealth.

As I said earlier that is an idea that has a very ancient tradition here in our part of the world. Now, another golden age may be about to dawn.

Bill Gates of Microsoft and Pierre Omidyar of eBay are today's Carnegies: successful entrepreneurs who are rebranding themselves as imaginative philanthropists.

Just last month I read in the Financial Times about a problem it posed that I think most of the rest of the world would be very happy to have.

**ROTARY INTERNATIONAL PRESIDENT K. R. "RAVI" RAVINDRAN**  
**on CORPORATE SOCIAL RESPONSIBILITY.**

The question was, if you have somehow managed to accumulate more than one billion dollars—what do you do with it? Do you spend it all, as Chuck Feeney of Atlantic Philanthropies is doing—giving away US \$8 billion by a fixed deadline of 2020?

Or do you adopt the more traditional model of the 19th and 20th centuries, putting the principal into a trust and spending only the income, so that the income will last in perpetuity? This is of course the model that now supports many of the world's great private universities; Harvard for example still has faculty members today whose salaries are paid by the interest on gifts given to the university more than three hundred years ago.

Do you pick a broad set of goals, and spread your resources out to have the widest impact? Or do you choose one specific goal—perhaps finding a cure for a single disease, or fighting a single social problem—knowing that you have the resources to force a significant impact in just one area?

These days, the question is not whether or not corporations need to be acting in ways that benefit their communities. The question is how to do it.

How do you do it, so that it is not just a tax you pay, because you have to, as a cost of doing business—but an investment?

How do you do it, so that you get the greatest return on that investment? For your community, and for future generations, and for your own business—which, if you are doing your business right, is supporting your community because you rely so much on the community to run your own business?

And perhaps most important of all: do you go it alone, or do you leverage your investment through choosing partners who can help you maximize your returns?

It doesn't matter how big you are, how powerful you are, how great your resources. You can always leverage them into something more. Take for example the Gates Foundation. It is the largest philanthropic foundation in the world, with some 43 billion US dollars in current assets. They have the clout to achieve just about anything, if they chose to pick just one thing.

But they don't. They've diversified. And they've formed partnerships, to get the most bang out of every one of those 43 billion bucks.

They're looking at global humanitarian issues in the same way that Rotary is—looking to see where they have the greatest chance of making a significant impact.

And so they are naturally working in some of the same areas that Rotary is working, including water and sanitation, malaria, diarrheal illnesses and, of course, polio, which is the number one priority that we have in Rotary, the corporate project that every Rotary club is working to support.

Gates could have skipped right over Rotary as a partner, and gone to work on their own. But they did not. Instead, they came to us and said, let's see what we can do here. And instead of saying to the World Health Organization, we are going to give you a few hundred million dollars, they came to us in Rotary and said, we are going to match whatever you give.

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Now why did they do that? Because he discovered that Rotarians are passionate in what they do, have a ready-made network with which he could reach the whole world, and most importantly are trustworthy: with low administrative costs, a well-managed Foundation to receive his funds, and the ability to disburse them correctly and cost effectively. His ROI was at its highest.

Those reasons were the same reasons that the Aditya Birla group decided to work with Rotary International in supporting the Indian government in its Polio Eradication Drive. To date, they have helped us to administer polio drops to over 16 million children and they are the second largest individual givers to our Foundation after Gates, having already donated over USD 9m.

You will see the same kind of success, the same kind of partnerships in Rotary at every level, all over the world.

I can tell you from my own experience at home in Sri Lanka when the Standard Chartered Bank supported the building of our well recognised schools project with an initial donation USD 1m. We did not go the SCB with abegging bowl; rather we proposed a business deal which also suited their CSR initiatives whilst getting publicity for their bank. We gave them equal publicity and it was a win win all around.

We have all had the best return on our investment, by working together.

And that is true whether you have a billion dollars to invest, or a million, or a hundred thousand, or twenty thousand.

Many of you have probably heard of the letter that Mark Zuckerberg, CEO of Facebook, and his wife wrote to their newborn daughter, Max.

In it they laid out the pressing needs that they saw in the world, for better research into disease, for increased access to education, for a healthier and more equitable future for all. They announced their desire to give away 99% of their wealth—currently some \$45 billion dollars—to help those goals become reality.

And the reason they gave was simple. They said, “For your generation to live in a better world, there is so much more for our generation to do... And we want to do what we can, working alongside many others.”

This is true not only for the Zuckerberg family, or the Gates family, or the Birla family, but every family—yours and mine.

If we want our children to live in a better world, we need to do what we can, working alongside many others. Because it is the correct thing to do, the ethical thing to do, the right thing to do. And the time to do it, is now!”