

# Who cares wins

Corporate Social Responsibility-Bulletin © by FNCCI CSR Forum  
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## FNCCI – CSR Forum Members:



**Umesh Lal Shrestha: Head of FNCCI- CSR Forum, Managing Director of Quest Pharmaceuticals:** “The sustainability of business depends on the good-will of its stakeholders. We need to put more emphasis on trustful and constructive relationships with employees and communities and CSR is one of the methods to do so. To protect the environment is in the interest of businesses and our duty towards the next generation.”



**Reema Shrestha:** “CSR is doing business in a responsible way where there is a positive effect to the business itself and its stakeholders”



**Shanker Ghimire,**  
Asian Pharmaceuticals  
Pvt. Ltd:  
“Little effort – big  
result”



**Jayendra Rimal,**  
Management Consultant,  
Management Dynamics: “To  
promote transparent and  
participative management in  
all avenues of organizational  
functions through proper  
recruitment, compensation,  
reward schemes, training and  
development, feedback and  
encouragement - this  
approach of internal CSR can  
lead to higher productivity  
through motivation”



**Catrin Froehlich, CSR- Expert,**  
NBI: “In the current Nepalese  
economic environment, conflict  
resolution and improvement of  
stakeholder relations are vital.  
The business community can not  
postpone Responsible Business  
Practices until current conflicts  
are solved. Quite the contrary:  
CSR should be seen and used as a  
major tool to reduce conflicts,  
risks and mobilise support from  
stakeholders



**Narottam Aryal, CEO**  
Chaudhary Group Education  
System: “CSR is a win-win game.  
In the long run, all the stakeholders-  
stockholders, employees,  
community, customers, suppliers,  
government- win. It is not a burden  
to the business, rather it is a way of  
doing business-a sustainable way”.



**Shailendra Raj Giri, Real**  
Solutions P. Ltd.: “CSR  
aims to minimize downside  
risks and generate positive  
business opportunities. It  
can be part of a company’s  
business model for its own  
future business performance

## **Is this really the time to talk about CSR?**

This will be the question of many readers of this bulletin and knowing the situation of businesses and the misconceptions about CSR it is not a surprising one. First of all we have to get clear that CSR (or Responsible Business Practices - RBP as it can be called as well) have nothing to do with charity at all. CSR means to include businesses' stakeholders into all economic considerations and to improve relations with them in order to make better business. Looking at protesting customers (be it transport, hospital patients, petrol buyers or others) labour-conflicts all over the country, perceived lack of support by the government, and a still not-too-good reputation of the private sector in general, we can hardly pretend that the stakeholder relations are at its best. Then looking on how much resources we business people spent on fighting, discussing, defending, hiding and waiting, it is easy to realize that improving this relations would bring direct profit to each and every business be it as small as it can be.

Looking at it from another angle we might consider the improvement of business relations as a part of our Conflict- and Risk-Management. Since all business people in Nepal definitely face their share of conflicts and risks, and since many of these are related to our customers, workforce or communities, it is certainly a very economic business decision to think about our CSR.

To make it clear: Donating to an orphanage or building a temple, supporting some soup kitchen or giving money to beggars might be a very moral thing to do but it is not considered CSR as long as it is not related to the core business. When we talk about CSR it means that we find ways to make business win by making others win as well. CSR or RBP is the way of making business, not how we spend our revenues. It means that we try to satisfy our staff, the community we operate in, our customers, the government and everybody else somehow involved in our operations in order to sustain and foster our business. Apart from that, we would do whatever we can to protect the environment from negative effects of our business "Well," you might say: "that is what business people try all the time!" – "Well" some onlooker might respond: "apparently not enough, otherwise the Nepalese private sector wouldn't be in so much trouble"

Let us prove the onlooker wrong: Let us find even more and better ways to win by making others win and let us tell the onlooker about all the good things business already contributes to society. This CSR bulletin is exactly about that:

**DOING WELL BY DOING GOOD and COMMUNICATE WELL ABOUT IT**

With the best wishes for a successful year 2009

Your FNCCI CSR Forum

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**FNCCI President Mr. Kush Kumar Joshi spoke to  
FNCCI CSR Forum Team**



**Why did FNCCI establish the Corporate Social Responsibility (CSR) Forum**

Corporate Social Responsibility -also known as Responsible Business Practices- has become an important tool all over the world for sustainable business operations. There is rarely a global player which does not apply CSR and most of them employ specialised managers to strategically plan and implement their activities as well. The reason behind that is just common business sense: as interest in companies' impact on society and environmental awareness are increasing, lack of accountability and responsibility towards societal issues like: communities, environment and other stakeholders can easily spoil the image of a company for years. Many businesses have learned that lesson the tough way and had to pay dearly to rebuild their reputation and customer base. We have seen the decline of national industries after negative reports about working conditions or environmental scandals. FNCCI wants to prevent Nepalese industries from that and help them to apply CSR concept for the benefit of both society and business itself.

**What is the status of CSR in Nepal?**

The Concept of CSR is new in Nepal. It is often understood as charitable activities. Awareness about the broader concept of CSR is limited within few enterprises. We have yet to learn to design our activities strategically. Many companies contribute to charities and support communities. But these activities are more philanthropic in nature, not yet related to the core business which would be necessary to increase impact and sustainability of activities. Companies should analyse their stakeholders, potential risks and potential impacts when designing their CSR strategies. Some companies have been supporting local communities in the areas of education, healthcare and community welfare. But the activities are very limited. We think companies should adopt CSR strategically which can help companies to increase their performance. We also need to be more aggressive about publishing and marketing our contributions. The CSR-forum is a means to exchange ideas, support the strategic development of activities and we also want to use it to inform the public about the private sectors' positive contributions to society at large.

**What do you think are the priority areas of CSR in Nepal?**

That depends on the sector and the size of business as well as on the individual circumstances. Generally said, for most businesses and industries, a concentration on employees is strongly advisable. We need to develop more productive relations with our staff, and CSR is one of the tools to improve these relations for mutual benefit. Apart from that, for example it would be in the interest of all tourism businesses to support waste management projects and reduce pollution. Customers should also be one of the first stakeholders to consider: Some companies are doing very well but as a whole Nepal has a big potential to improve the quality of services and products, be it reliability, customer care,

product safety, energy-efficiency, labelling of ingredients, etc. Still, it depends on the capacity of the company which does not mean that SMEs can not be responsible. Usually they are much closer to their stakeholders and therefore much more accountable for their business practices.

### **How do you think CSR can be relevant to the overall economic situation of Nepal?**

Obviously the Nepalese Private Sector is facing huge challenges right now so CSR might not be on the priority list of most business people. More visionary ones on the other hand understand that some of the conflicts we are facing are somehow related to business practices which need to be reviewed. Some of us believe they can take up CSR when revenues will start increasing again. To be honest, I believe that in some cases responsible business practices need to be adopted first in order to solve conflicts. Only then their revenues will increase again.

And on a national level it would be important to improve our reputation among the general public. We have not yet managed to convince people of the huge impact the private sector has on development and general welfare creation. We have to work on that to improve the security situation and to ensure economic policies which foster private entrepreneurship and investment. In order to do that, we have to communicate about taxes we pay, jobs we provide, families who depend on our productivity, valuable products we supply and also we should communicate about all the CSR and charitable activities. Because we are not the bad guys and we do not want to be seen like that.

*Thank you very much for taking your time, Mr. Joshi!*

#### **Top 10 attitudes towards your staff**

- **Be visible** - not just someone who shows up for AGMs
- **Be transparent** - strategies, values, new products, annual goals and challenges are interesting to your staff.
- **Be interested** – all human beings appreciate attention and will reciprocate it towards your company
- **Be reliable** – having a long-term perspective will create loyalty among staff
- **Be clear** – defined workplace policies and grievance procedures with clear rules and regulations help to avoid conflicts
- **Be inclusive** – people need to be treated fair and equal to develop motivation and loyalty
- **Be flexible** - find ways to raise productivity i.e. by using working-hours-accounts to react on demand and supply
- **Be inventive** – take demands as a challenge to develop win-win solutions for stakeholders
- **Be supportive** – give your staff the chance to develop skills and ideas
- **Be accountable** – so you can expect others to be

## Focus on people - Jyoti Group:

Holding strong humanitarian beliefs, the owners of Jyoti group have always been generously involved in charitable activities. The strong emphasis the group pays to well-being of staff is also based on these values and on the confidence that ethical business practices are just the only way to go. Even though this might sound rather philosophical, the Jyoti group has proofed that emphasising values makes perfect business sense. Through their business ethics the group has -somehow unconsciously- developed what we now call CSR: A canteen, transport facilities and infrastructure, health care and schools for staff and their families are benefits to the workers which at the same help them to reach work in time and to concentrate on their professional responsibilities. Encouraging a sound work-life-balance, the group provides a playground and sports facilities on its premises and organizes sports as well as literary or meditation events for staff and their families.

Most of the facilities and services have been opened and extended to the community in which the Jyoti Group operates. In some cases it might be difficult to say if activities are to be called philanthropy or CSR. But this is also not of importance to the owners: for them what counts is a trustful, productive, mutually benefiting and reliable environment in which business as well as stakeholders can develop and grow. And in this the Jyoti group has been as successful as it might be possible in the difficult Nepalese business environment.

## CSR: a way to save money?

Knowing that the use of Compact Fluorescent Lamps could reduce load-shedding to a few hours per day if they replaced all conventional light-bulbs AND considering the savings on electricity bills, it could be a first-class CSR project for industries to convert to the sustainable solution and to support employees to do the same in their own homes. Saving money, contributing to less load-shedding and protecting the environment at once definitely has its charm. And who, if not industries are suffering most?!



**You want to develop a CSR-Strategy? You want to communicate about your activities? Contact NBI for consultations and support:**  
Chamber Bhavan, Kantipath, Kathmandu, Tel: 423 09 47,  
Fax 422 99 98, [catrin.froehlich@cimonline.de](mailto:catrin.froehlich@cimonline.de) [www.nbinepal.org.np](http://www.nbinepal.org.np)

## HAN about to launch waste management project in Thamel area

Under the theme: Hamro Nepal – Ramro Nepal, Hotel Association Nepal has started developing a waste reduction and collection project which will start in Thamel as Nepal's main tourist hub. The project includes awareness-building among HAN members on waste reduction, avoidance of plastic and other non-degradable waste. It further aims at cooperating with Municipalities and private collectors to insure timely disposal and highest possible recycling rates. REBAN has already signalled joining hands in the endeavour to draw tourists and other customers and to protect the environment – one of Nepal's main tourist attractions. Other interested parties are heartily invited to contact HAN at [info@hotelassociation.org.np](mailto:info@hotelassociation.org.np)



## YETI AIRLINES:

Delivering Aid Goods, bringing emergency patients to hospitals, carrying waste from tourist areas to central waste management plants, all this is part of Yeti Airlines CSR Program. As much as it benefits flood victims, sick people or the environment, it is strongly related to Yeti Airlines core business: The company proves its flexibility and capacity, it creates good-will in the communities it is operating in, it protects nature to sustain its business since tourists only travel to the mountains as long as they enjoy a well-preserved environment, it improves its reputation and it works where it can achieve the biggest impact.



## CSR Events and News:

CSR information now published in Nepali Bhasa: 3 brochures are available from National Business Initiative:

- Introduction to CSR for SMEs
- Awareness-raising questionnaire on CSR
- How to communicate about CSR

### Workshop on Responsible Business

Agro Enterprise Centre/FNCCI organized a one-day workshop on Responsible Business to cardamom traders and local Chambers of Commerce and Industries in four districts of east Nepal viz.

Sankhwasaba, Jhapa, Ilam and Pachthar on December 2008-January 2009. The workshop was jointly organized by AEC, SNV and local chambers. Mr. Reema Shresth from ECCA-Nepal was the resource person for the event. The objective of the workshop was to provide general overview of Corporate Social Responsibility, its benefit and how business can implement it in their business.

Also find out about how Change Fusion supports young social entrepreneurs:

[www.changefusion.org/nepal](http://www.changefusion.org/nepal)

## **TALK THE WALK – why Nepalese businesses should blow their horn**

- Because customers deserve knowing how your products are produced. And if you do it in a fair way: give them the chance to choose your product or service over the one of a competitor
- Because advertising or marketing Responsible Business Practices might open new markets and attract customers and thereby enable the extension of activities
- Because the reputation of the Nepalese private sector can certainly do with a make-over. Informing society and public authorities about charitable activities, CSR or just the contributions through jobs, taxes, benefits etc. will help raising support in difficult times
- Because the pre-conception of business people as being exploitative still prevails. Financial reporting and transparency can help to create a more diverse picture and put limits to expectations
- Because talking about positive contributions to society or CSR and its benefits might inspire others to follow.

## **Corporate Social Responsibility: A Timely Tool for Nepalese Business**

Narottam Aryal – CEO CHaudhary Group Education System

Broadly speaking, CSR involves the role of business in society. It generally refers to the responsibility of a corporation towards the society beyond profit. David Hendersen defines CSR as having three responsibilities-economic, social, and environmental. This can be expressed as triple bottom line model (financial, social, and environmental) or three Ps (profit, people, planet). In this way, CSR is about the interests of all the stakeholders. Similarly, Archie Carroll defines CSR as “the social responsibility of business that encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time”. This definition implies that CSR encompasses fulfilling economic, legal and ethical responsibilities plus voluntary and proactive initiatives on the part of the companies for the good of the society at large. Fulfilling economic, legal, and ethical requirements is a necessary but not sufficient condition for CSR. CSR is thus voluntary and proactive business practices carried out in the long term interests of the society at large beyond the economic, legal and ethical requirements. However, the focus of CSR differs from context to context. In the advanced countries of Europe and America where there are only a few cases of non-compliance, CSR emphasizes on the voluntary actions. On the other hand, in the developing countries like Nepal where there is a huge problem of non-compliance with existing legislation, the compliance itself (with laws, rules, and ethics) bears high significance.

### **Why CSR in Nepal?**

In Nepal, the perception of common people of private sector has not been very positive. There has always been friction between workers and management, community and company, customer and company, and so on. The businesses have been perceived to have exploited the employees, damaged the environment, evaded the taxes, and so on and so forth. Therefore, there has always been dispute between the businesses and their stakeholders. A glaring example of this is the recent close down of several industries due to the opposition between management and trade unions on the issue of minimum salary. It is very obvious that no matter which party is right or wrong ultimately businesses and society will face the consequences of this unfruitful relationship. It is time that businesses, trade unions and workers understand that they are sitting in the same boat. All parties have to contribute

their part and from business-side, and, CSR is one of the most appropriate tools for avoiding such unpleasant situations. As discussed before, CSR is a concept which argues for balancing the interests of all the stakeholders so that business would be able to avoid the risks of being challenged by its stakeholders-both internal and external. Many contemporary researches have shown that by managing the relationship with the stakeholders, and proactively keeping the interests of all concerned, businesses can increase their longevity.

CSR is highly relevant in Nepal at this moment as Nepal has witnessed a huge conflict in the recent years. Most of the experts agree on one point that one of the major reasons of conflict in Nepal was a huge gap between haves and have-nots. Putting it differently, the highly uneven distribution of resources and wealth can be taken as one of the major reasons behind the conflicts in Nepal. CSR strongly advocates for fair and sustainable business. This will not only benefit the stakeholders, but also the business itself. It is a simple logic in management that every business operates in a larger environment and unless the environment is favourable no business can prosper. This was clearly exemplified in Nepal during more than a decade-long conflict. During this period, despite their best efforts businesses suffered in spite of the availability of modern knowledge and technology, qualified employees, and investment. However, the Nepalese businesses are yet to realize the real importance of stakeholder management. It is high time that our business people pay close attention to this aspect of business management.

In conclusion, CSR at the outset might seem to be anti free-market or anti-business or anti-profit, but if we deeply look into it, it is for the betterment of business itself. CSR in reality is not against free market, but for sustainable free market, it is not against business, but for sustainable business; it is not against profit, but for sustainable profit. CSR is managing relationships, managing risks, managing customers, managing community, so it is managing all the stakeholders. Hence, the ultimate result of CSR is better business and better society. So, let's adopt CSR in its true sense for better business and better New Nepal!

### **Risk Management in Private Companies – How do other businesses benefit?**

How often are Bandhs called out because someone gets killed in a bus accident, someone passing away while treated in a hospital, or someone dying in an accident at work? How many more patients will have to wait for treatment because of hospitals being closed down, how many more people have to be injured in agitations, how many more jobs have to be lost due to bandhs and how much more does the reputation of institutions and businesses need to suffer? Unfortunately these are not a few individual events and the institutions affected by these will have to develop risk management strategies in their own interest. In most cases this strategy would consist of specific insurance schemes. If we sum up the cost of actual compensation paid, cost of negotiations, loss of production, loss of services provided, damage to reputation, external effects etc. it will be easy to figure out that insurances would come everyone cheaper in the long run. An additional Rupee on a hospital bill, a certain percentage per bus ticket or some amount of monthly salary can not bring the person back to life but it can at least prevent conflicts from escalating and causing more harm. To develop and implement these insurance schemes could – by the way – also be considered CSR since it benefits the businesses directly involved and all the stakeholders affected.