

REPORT ON
ELEVENTH SOCIALLY RESPONSIBLE
BUSINESS DEVELOPMENT NETWORK

THEME: “CSR – HOW FAR ARE WE”

January 5, 2007

Socially Responsible Business Development Network (SRBDN)

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ACKNOWLEDGEMENT

On behalf of Socially Responsible Business Development Network (SRBDN) we would like to thank the presenter Mr. Binod Krishna Shrestha, Associate Professor, KUSOM for taking his time to present the concept of CSR and Ethics.

Our thanks goes to all the participants who attended the eleventh forum on Socially Responsible Business Development Network, who took time to participate, discuss and share their views and ideas.

We would also like to thank Kathmandu University School Of Management for hosting the Eleventh forum in their premises. Their support is much appreciated.

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ACRONYMS

AAN	ActionAid Nepal
CSR	Corporate Social Responsibility
EMDC	Enterprise and Development Management Centre
INGO	International Non Government Organization
LO	Lotus Opportunities
NGO	Non Government Organization
SME	Small Medium Enterprise
SRBDN	Socially Responsible Business Development Network

1. RATIONALE BEHIND THE MEETING

Corporate Social Responsibility (CSR) is part of an international drive towards transparency and accountability of business activities and a way of monitoring how business perform against environment, ethics and society. SRBDN is a platform to share information, knowledge and experience on CSR. The rationale behind the meeting was to have a well functioning knowledge and information-sharing network on CSR.

Objective of SRBDN

- Facilitate sharing information, experiences and ideas on Corporate Social Responsibility in Nepal.
- Facilitate identification of common interests and development of joint efforts and create synergy among facilitators, providers and donors.
- Awareness raising
- Cooperation between large organization and SME.
- Integrating CSR in education

2. OBJECTIVE OF THE ELEVENTH FORUM

The objective of the eleventh forum on SRBDN was as follows:

- To share the concept on CSR from both theoretical as well as practical point of view
- To share the experience of SRBDN till date and also look for possible funding Opportunities

3. PROCEEDINGS OF THE PROGRAM

3.1 Programme Overview

The Eleventh Socially Responsible Business Development Network took place at KUSOM, Gwarko on January 5, 2007. The theme for the forum was “**CSR – How far are we**”.

To begin with the session, Ms. Reema Shrestha, coordinator of the forum welcomed the entire guests; she gave a brief background about the forum. Also, she informed all the new participants about the SRBDN yahoo group for membership and the website www.srbdn.org.np. Then she invited Mr. Binod Krishna Shrestha to start with his presentation about “Corporate Social Responsibility and Business Ethics”.

3.2. Corporate Social Responsibility and Business Ethics

- Mr. Binod Krishna Shrestha, Coordinator - EMDC, Associate Professor - KUSOM

Mr. Binod Shrestha started his presentation with the common understanding of CSR. CSR is understood, as doing business in a manner that fulfills social needs, responsibility of the organization towards the welfare of the society and also a philanthropic activity for the disadvantaged people and society. The common understanding of Business Ethics is to distinguish between right and wrong, it is a combination of individual ethics and social values. He briefed that CSR is usually familiarized as funds and charities, internal management and well do to the society. In American context, CSR is more of philanthropy; like duty to pay tax, donation etc whereas in European countries, it is more like operating the core business in a socially responsible way. In Nepal, to establish proper CSR, there should be a stable political and legal set ups. Businesses have small size economy, resulting higher costs to fulfill the compliance. Customers and employees are unaware and less knowledgeable about the need of CSR in the long-term basis. Besides, the philanthropic activities are more into practice and are appreciated by both society and media. CSR is running in socially responsible manner caring the stakeholders interests in generally accepted manner by the society or ethically. Laws that govern corporate practice to the clearly serving the causes of maintaining shareholder value are one of the forces that generate CSR. This force is known as civil foundation. And making strategies for the benefit of shareholders meeting the demand of social and environmental phenomena is the

intrinsic force that also generates CSR. So, the guiding principles of ethics suitable for Nepal is generally accepted social norms, values and belief on business practices and conduct complying with at least first guiding principle. And the possibility to increase the thresholds while dealing in international market, which will lead to, increased civil foundation.

Mr. Shrestha said that productivity and marketability are strictly for business and for its motivation, there are guidelines for ethical leadership. Any organization spending a lot of money on charities but are not complying or may be harming the society is completely unacceptable in terms of ethical practice. The business can be motivated to be socially responsible by better productivity, marketability, profitable fairly, brand image, innovation and self satisfaction. But in general practice we have found that it is heavily dominated by philanthropy. It is not yet capitalized as a marketing tool, and negligible input in internal CSR. In comparison, there seems to have more positive practices in private banks. So, the only alternative is education and trainings in the meso level for the better option in CSR. There should be recognition and initiation for the top level, accumulation in the strategic level, design of suitable supportive systems and monitoring and evaluation. Also, for making business socially responsible, even the customers and the employees should be equally educated about it. They should be well aware about its benefit.

3.3. Experience sharing on Socially Responsible Business

- Ms. Reema Shrestha, Coordinator – SRBDN Forum

Ms. Shrestha started her presentation with the history of CSR in Nepal. She said that the conference on CSR in South Asia - September 2001 in New Delhi was the first exposure to CSR for Nepalese organizations. After that there was a study on the Status of CSR in Nepal together with AAN, FNCCI and Lotus Holdings. All these surveys concluded that there is a need of a solid platform in Nepal for people to be aware and have a better understanding about CSR. The first level of understanding CSR is philanthropy. But in true meaning CSR is operating business in an ethical manner that respects people, society and environment. While talking about benefits of CSR it enhances brand image and reputation of the business. It will be able to attract employees as well as customers. The quality and productivity will be accurate and will be able to compete in the market as well. So, with the need of a platform, Socially Responsible Business

Development Network forum was established in October 2004 initiated by AAN and Lotus Opportunities. The main objective of this forum was to facilitate sharing information, experiences and ideas and also for the identification of common interests and development of joint efforts and create synergy among facilitators, providers and donors. The forum is also focused to increase cooperation between large organizations and SMEs, and incorporate CSR in education. Ms. Shrestha informed that till date, eleven forums have been held, a website have been created (www.srbdn.org.np), there is 68 members in yahoo group receives regular weekly postings, and different guest lectures on CSR in Ace Institute of Management and a Seminar on CSR with Management Association of Nepal have been held. After all these achievement, the reason to continue this forum becomes even stronger. There is no other platform to share CSR issues in Nepal and CSR is not yet generalized in education curriculum. Still, there is weakness of the forum like financial constraints, the secretariat of the forum have been handled by Lotus Opportunities only and the members are not very active. For mid 2004 and 2005, AAN supported SRBDN financially but from 2006 Lotus Opportunities have been conducting the forums in its own cost. For 2007 SRBDN is looking for sponsors to support the logistic cost of the forum.

3.4. Enterprise and Management Development Centre – An introduction **- Mr. Binod Krishna Shrestha, Coordinator – EMDC**

Mr. Shrestha introduced Enterprise and Development Management Centre (EMDC) one of the department of KUSOM, which provides management consulting, trainings and development supports to organizations. KUSOM's core business is to improve the practice and profession of management for overall national development through providing highly competent and committed management professionals and improving the standard of management with education, trainings, research and consulting. So, EMDC exclusively delivers professional management services to business and development organizations, delivers academic knowledge and professional skills of management to use of managers and organizations and helps in finding problems to improve organizational effectiveness and competency. He said that EMDC is unique for its service in identifying organizations that are having problems rather than demands for organizing training and preparing reports. They work closely bringing positive changes rather than working as an experts. For all these unique offerings, EMDC have highly qualified faculties

and energetic students who work when they are free - as cost reduction to the clients. They even work during holidays as their summer projects and other class projects almost free of cost. Academic and professional infrastructure and network of associates are the most impressive resources of this course.

EMDC is mainly focusing on enterprise development for small and micro enterprises, intermediate organizations development for improving their service delivery and management and organization development for the improvement of any types of organizations. They deliver their services by expert consulting, business incubation, trainings, networking, research and studies etc.

Discussion:

During the discussion session, a participant queried if the managers' are demanding CSR in their business and which organizations want to apply CSR approach in their businesses. Mr. Shrestha answered that there are few in number who are eager to do business in CSR approach, especially banks. They are convinced that applying CSR to their business will help them gain market and branding. Also in SMEs, the boutiques, and handicraft stores are interested.

Meanwhile another participant asked if CSR in Nepal follows the western or European model and is it enough for businesses just to comply with the Nepalese law. On this Mr. Shrestha said that businesses are following more towards European model. In the context of Nepal, if businesses follow all the Nepalese law then even that is ok for starting. There are businesses, which do not even follow environment or labor laws. Mr. Shrestha also added that in some context following the basic norms is fine as per the Nepalese culture. On this Ms. Shrestha added that there are children in villages who go to school but on holidays help their parents and work in the field, so shall we call it a child labor or not. As per Nepalese culture children helping their parents for an hour or sometime is okay.

Another participant commented that philanthropy is something businessmen have been doing for decades therefore to make philanthropy to CSR is difficult and may take longer time.

Another participant wanted to know that Government is also one of the important stakeholders, but they seem to be missing in the circle. Mr. Shrestha agreed to the question and said that first, there should be awareness in the managers and the customers level. If the company lost its profit, then the manager will no longer survive in that organization. So, to persuade stakeholders, the managers should be well educated about CSR and its implementation.

Another participant wanted to know which organizations are involved in CSR. Among the participants, Mr. Arjun Kandel from Surya Nepal answered that they have been working a lot in external CSR such as community welfare activities. They have been working in CSR with I/NGOs and chambers in the health sector, community and environment etc.

One of the participants suggested that for the continuation of SRBDN forum, one of the sponsors could be rotary clubs in the valley. As the club member are mostly businessman it will be a good idea to have CSR awareness program to them.

4. CONCLUSION

Ms. Reema Shrestha, coordinator of the forum concluded the session. She informed the participants that it has been decided that from this month onwards the SRBDN forum shall be held every first Friday of alternative months. The 12th SRBDN forum is going to be held on February 2, 2007.

5. ANNEXURE

5.1 Program Schedule

Eleventh SRBDN Forum Program Schedule

Date: 5th January 2007

Venue: Kathmandu University School of Management (KUSOM), Balkumari (near Khari bot), Gwarko, Lalitpur, Phone No. 5548891

Theme: CSR – How far are we?

2:15 - 2:30	Registration
2:30 - 2:40	Welcome Address
2:40 – 2:55	CSR and Ethics Mr. Binod Shrestha, KUSOM 15 minutes
2:55 – 3:10	SRBDN experience on CSR Reema Shrestha, Lotus Opportunities P Ltd. 15 minutes
3:10 – 3:30	Discussion Round 20 minutes
3:30 – 3:45	Presentation on EMDC Mr. Binod Shrestha, KUSOM 15 minutes
3:45 - 3:55	Discussion Round 10 minutes
3:55 - 4:00	Moderators wrap up 5 minutes

5.2 List of Participants

I.	F. Name	L. Name	Designation	Organization
Ms.	Geeta	Shrestha	ED	Hoste Hainse
Mr.	Arjun	Kandel	Social Development Officer	Surya Nepal
Ms.	Nibedita	Shrestha	NB Director	TIPS Nepal
Ms.	Shizu	Upadhyay		Free Lancer
Mr.	Prakash	Karn	Program Officer	IUCN
Mr.	Mahendra	Shrestha	Operation Director	Devtec Nepal P. Ltd.
Mr.	Rawal	Rana B.	Chairperson	Biodiversity Research and Development Centre
Ms.	Dominique	Morel	Coordinator - Financial Services	Lotus Opportunities