

REPORT ON
FIFTEENTH SOCIALLY RESPONSIBLE
BUSINESS DEVELOPMENT NETWORK

THEME: “CSR IN SMALL AND MEDIUM
ENTERPRISES”

SEPTEBER 7, 2007

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ACKNOWLEDGEMENT

On behalf of Socially Responsible Business Development Network (SRBDN) we would like to thank the presenter Ms. Geeta Shrestha, Executive Director, Hoste Hainse for taking her time to present on **Can Small be Responsible?** We would also like to thank the second presenter of the forum, Mr. Laxmi P. Maharjan, Shree Satya Narayan Itta Bhatta for sharing his thoughts on CSR in Shree Satya Itta Bhatta.

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

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ACRONYMS

BTK	Bull's Trench Kilns
CSR	Corporate Social Responsibility
FNCCI	Federation of Nepalese Chambers of Commerce and
GDP	Gross Domestic Product
PAF	
SDC	Swiss Development Corporation
SME	Small and Medium Enterprises
SNBK	Shree Satya Narayan Itta Bhatta P. Ltd
SRBDN	Socially Responsible Business Development Network
	Industry
VSBK	Vertical Shaft Brick Kiln

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 FIFTEENTH FORUM

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

- To know the existence and importance of CSR in small and medium enterprises

3. PROCEEDINGS OF THE PROGRAM

3.1 Programme Overview

The Fifteenth Socially Responsible Business Development Network took place at Yala Maya Kendra, Patan Dhoka on September 07, 2007. The theme for the forum was **“Can Small be Responsible?”**.

Ms Reema Shrestha, Coordinator of SRBDN commenced the forum welcoming all the participants. She gave a brief introduction on the subject matter i.e Corporate Social Responsibility in Small and Medium Enterprises.

3.2. Presentation on Can Small be Responsible?

By Ms. Geeta Shrestha, Executive Director, Hoste Hainse

Ms. Geeta Shrestha started her presentation with definition of Small and Medium Enterprises. According to World Bank Group, Small Enterprises are those Enterprises, where there are employees between ten to fifty, total assets between 100,000 and 3 million US \$ and total sales between 100,000 and 3 million US \$. There is a contrast relation between CSR and the motto of Corporate Sector. Corporate Sector motto's is to make profit for its existence whereas social responsibility activities are such where it would not have any profit. This is the main reason that most companies do not want to incorporate CSR in their business.

Through CSR, the company can be recognized in the society, will be able to produce quality and quantity service, develop positive attitudes towards the company, secure and long term profit. Overall we can say that CSR is Win-Win situation for the companies.

CSR concept is gradually gaining the momentum of positive thinking but yet to be popularized in Nepal. FNCCI, Action Aid and Lotus Holdings Study did a study on CSR in the business organization and it reveals that 31% of them were unaware of the very terminology CSR.

Small Enterprises can be responsible if it could provide the opportunity and educate the importance of social responsibility because most of the organization does not know how to

involve in CSR. But SME has many challenges in implementing CSR though motivated to be socially responsible.

The crucial to promote CSR in SME's are because of lack of education regarding the CSR issues among stakeholders, the legalization of informal SMEs, government backing of CSR initiatives, a proper legal and financial system etc. SMEs have contribution in the country's development as it provides employment opportunities, help to reduce poverty, mitigate economics crises.

One of the good examples of the CSR initiatives is Lotus Holdings. Lotus Holdings practices business with ethics, driven by CSR and believes CSR can provide long term benefits to the companies. Lotus Holdings promote CSR by raising awareness and building capacity in associate companies like Hoste Hainse managing social and staff welfare activities of its associate companies. Hoste Haiste is the non government and non profit organization. Hoste Haiste is taking care of Formation Carpets, one of its associates such as: Education, health, environment, capacity building and other promotional materials. They have special CSR policy in associate companies' like 1% of total Income to the needy children and for employee welfare. It is the only organization that does Social Audit of its associate companies like health insurance, education, ventilation, safety measures, availability of first aid in work place etc and submits report through recommendation.

Discussion:

One of the participants asked why not give opportunity to Hoste Haiste to go beyond its associate companies. Ms. Geeta Shrestha replied that they are initially taking the approaches informally to other organization. One of the biggest problems is the timely convincing approach required to the organization for CSR.

Ms. Geeta shrestha accepts that there is still limitation of research in Hoste Haiste to be done regarding the CSR practices in the organizations.

3.3. Presentation on CSR in Shree Satya Narayan Itta Bhatta

By Mr. Laxmi P. Maharjan, Shree Satya Narayan Itta Bhatta

Mr. Laxmi P. Maharjan, Shree Satya Narayan Itta Bhatta (SNBK), thanked the network for giving him the chance to present about the initiation and implementation of CSR in their factory. He started his presentation, on background of Shree Satya Narayan Itta Bhatta, which was established in 1979. In May 2002, the Govt of Nepal announced that the licenses for Bull's Trench Kilns (BTK) with moveable chimneys would be discontinued. Environment preservation is also one of the CSR activities. So, SNBK opted for VSBK Technology. VSBK is environmentally, socially and financially sound technology. SNBK opted for VSBK and started its operation from February 2003. They found that there is an increment in energy saving and environmental protection through VSBK technology. VSBK technology adopters are only 6 in number out of more than 700 Itta Bhatta factory in Nepal.

Factors affecting the environment reveal the data that

Environmental health costs in urban areas are estimated to be nearly \$ 51.2 million in 2005, which is 0.7% of Nepal's GDP.

Urban air quality experiencing the growing public health threat- with increases in respiratory infections, and chronic bronchitis

In 2005, vehicle emissions were responsible for 37% of the total PM10, the main source of air pollution in the Valley. Brick kilns were responsible for 11% of total PM10 emissions.

Recent flood in terai made 25 million people homeless in terai and india. Due to global warming, many have lost their lives and properties in many parts of earth.

Considering these hard facts, VSBK initiate the social actions through:

Childcare centre

Access to public health services and in national programmes.

Nutritional education and home-based rehabilitation for malnourished children

Reproductive health

Functional literacy class with Reflect Approach.

Facilitation and advocacy for access and continuity of schooling.

Children-focused actions (school-going age)

Awareness on basic rights (Civil, Women, Child and labour)

Mainstreaming of gender, HIV/AIDS and Occupational Safety and Health (OSH) in the training curriculum of fire masters.

Sanitation awareness

Access to clean drinking water

Shelter improvement.

Child Care Centre:

This centre looks after the Children's education, Children near workplace and unattended that might hampered productivity, prone to accidents, affect proper child development and prevalence of malnourishment. The small things which greatly affect the health of the people like Toilets, Playground, and Nutrition etc are taken care by them.

They have support from different organization and people, initial support from VSBK program, district education board.

They realise that they have many benefits achieved from Child care centre like:

Healthy Child

Increase in productivity of parents, Entrepreneurs

Less Chances of Accidents

Development of School going habits

Benefits to parents by decrease in petty expenses

to child (Ice-cream, Chocolates etc

Medical Expenses Decreases

Decrease in Domestic Violence

Time Saving

Raw Materials and other equipments of enterprise saved

Moral Ethics and Self Discipline

Good perception from society, govt, Buyers

Itta bhatta have managed living and working environment for its staffs. Like Construction of Permanent House, Easy working Pattern for Moulders, Three shifts for fire masters, Easy access to water, clean working site. Similarly they have Occupational, health and safety measures like Preventive and Protective Measure (Helmets, Masks and Apron etc), Working Environment (First Aid Services), literacy program such as Cleanliness Programme, Health, Insurance, Sanitation, Peer Educator.

SNBK has economically, socially, technically and environmentally taken care of CSR in its factory. The Kathmandu University has done report on SNBK and it reveals that it is the less energy consumer as compared to other factory.

Discussion:

One of the participants asked the challenges that they face in their factory and Mr. Maharjan replied that the migration of the staffs is the most affecting one. Almost 20% labour turnover per year is there in the factory.

Another participant asked who are the supporters in their social cause. He said that initially they have support from SDC, Nepal government and technically formed Association. But now, they are self sustainable means fully 100% cost operation of Child Care Centre by themselves and in others only 80% contribution.

Other asked the difficulty in adopting the VSBK technology. He said that at first due to lack of knowledge about it, they have to face lots of difficulties in first year. But now they are in the position to give service about VSBK technology to others.

Another asked the cost of their brick and the Chinese brick. On this he said that not much 20-30% difference in the cost of these two bricks.

4. WRAP UP

Towards the end, Ms. Reema Shrestha, coordinator of the forum wrapped up the forum. She praised both the presenters for their knowledge and sharing it with all the participants. She said that there are lots of challenges the small and medium organizations faces while adopting and practicing CSR in their companies. But she said that “if there is a will there is a way”. The sharing of both the presentation helped the participants know the different initiatives of CSR by SMEs.

5. ANNEXURE

5.1 Program Schedule

Fifteenth SRBDN Forum Tentative Program Schedule

Date: September 07 2007

Venue: Baggikhana, Yala Maya Kendra, Patan Dhoka (Near Post Office)

Theme: CSR in Small and Medium Enterprises

2:15 - 2:30	Registration
2:30 - 2:40	Welcome Address
2:40 – 3:10	Can Small be Responsible? Ms. Geeta Shrestha, Executive Director, Hoste Hainse 30 minutes
3:10 – 3:30	Discussion Round 20minutes
3:30 – 4:00	CSR in Shree Satya Narayan Itta Bhatta Mr. Laxmi P. Maharjan, Shree Satya Narayan Itta Bhatta 30 minutes
4:00 – 4:20	Discussion Round 20minutes
4:20 - 4:30	Moderators wrap up 10 minutes

5.2 List of Participants

S.no	Name	Designation	Organization
1	Sita Gautam Acharya		Fair Trade Group Nepal
2	Suraj Shrestha		Shanker Dev College
3	Rabindra Dhakal		Shanker Dev College
4	Malina Shrestha		IEDI
5	Gopesh S Maskay	Manager - Corporate	Vijayadeep Laboratories Ltd
6	Pavitra Das		VSBK
7	Divya Tara Tuladhar	Managing Director	Annapurna Handmade Paper Association
8	Bhusan Shrestha		API NET
9	Mahalaxmi Shrestha	Director	Bee Keeping and Research center
10	Ravi Pratap Singh	Operation Manager	WWF Nepal
11	Helga Duhou		SNV Nepal
12	Rajendra Poudel		Planet Finance
13	Geeta Shrestha	Executive Director	Hoste Hainse
14	Laxmi Maharjan	Managing Director	Shree Satya Narayan Itta Bhatta
15	Neeraj Nepali	Executive Director	Lotus Opportunities