

Compassionate capitalists: India Inc is putting purpose before profit

Woke millennials, promoters and changes in the ethos of capitalism are nudging cos onto a more virtuous path.

By [Sruthijith K K](#), [Malini Goyal](#), ET Bureau | Updated: Sep 16, 2019, 01.40 PM IST

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NEW DELHI: In May 27, billionaire banker Uday Kotak, one of India's most respected business executives, tweeted the image of a water dispenser at one of his offices. It featured a stylish retro Kilner glass jar (for bonus fun fact, see the end of this article) with "Yorkshire Glassware, established 1898" embossed on it, alongside a stack of paper cups.

He wrote: "4.3 lakh plastic bottles saved per annum. Glass water jars and disposable paper cups in meeting rooms at Kotak Mahindra Bank Mumbai offices. Working to make it national. Environment is precious."

When architect Manit Rastogi met [Infosys](#) (NSE -0.44%) founder and then chairman NR Narayana Murthy in 2014 for discussions about the tech giant's new campus in Nagpur, he says he got a one-line brief: "Create the world's most sustainable office building."

When it comes up, the building, which will have a working population of 20,000, will be net zero in energy, water and waste-to-landfill (meaning its net consumption from electricity grid or outside water supply will be zero, and it will send no waste to a landfill).

Godrej

Godrej Consumer Products has trained more than 2,20,000 women under its Salon-I programme, helping them earn a livelihood



When [Indian Hotels Company](#) NSE -2.14 % (Taj Hotels) decided in 2018 to phase out plastic straws at its hotels and TajSATS aviation catering unit, it resulted in the elimination of 2 million straws in a year. It now uses biodegradable straws, bamboo straws and in its new property in the Andamans, papaya stems. These instances illustrate a heartening and accelerating trend among Indian corporations — a move to be thoughtful about their impact on the planet and the people around them, including employees, customers, partners and communities.

What appears to be emerging is a more conscious, compassionate version of the bareknuckled capitalism of the 1980s and 1990s, when chief executives mostly talked business and money — profits, market share, interest rates. Now they are far likelier to share a Greta Thunberg clip on social media or laud a progressive Supreme Court verdict ending discrimination.

The change might be too little, and some scepticism around image-building might even be warranted, but we now have to entertain the possibility that the [Indian corporation](#) NSE -0.10 % is turning woke. At the very least, parts of corporate India are displaying a wokeness that's far ahead of the wider society it is based in.

The phenomenon we discuss in this article is distinct from philanthropy and corporate social responsibility programmes of companies. The conscious corporation is tweaking its business operations, premises, hiring and policies to do good and be better. While many legacy Indian business groups can rightly claim a long history of efforts to be conscious, now the traction and pressure around the idea are such that all manner of companies — startups to multinationals, cement companies to phone makers — are acting, and telling the world about it.

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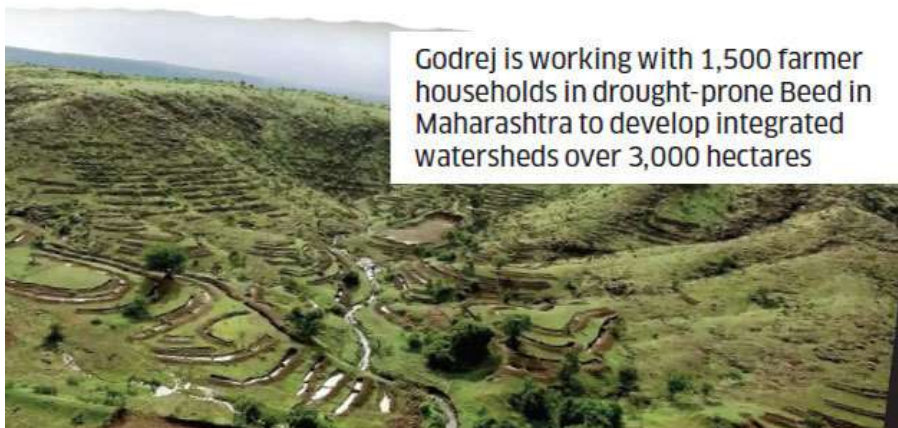
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Godrej is working with 1,500 farmer households in drought-prone Beed in Maharashtra to develop integrated watersheds over 3,000 hectares

"All companies are now under pressure to be more thoughtful and conscious of environmental and sustainability issues," says Gita [Piramal](#) NSE -2.08 %, business historian and senior fellow at the University of Oxford. "Among traditional family business groups, the fourth generation, in many cases, appears to show a greater awareness than the second and third generations. Among the first generation, I would say there were both types of entrepreneurs."

Indian entrepreneurship, she says, came into the fore from around the 1850s as the industrial revolution reached us through colonialism. Calcutta, Madras and Bombay became aggressive entr ports, and as banians (intermediaries) to the colonists, this generation was able to build large capital resources. In business history, she says, the Godrej family comes readily to mind as being at the forefront of environmental issues.

"For the second and third generations, however, wealth creation was the priority as India stumbled along with GDP growth of around 3%. The fourth generation, often youngsters returning to India after studying or working overseas, appears to be far more aware of

Mukesh Ambani, India's richest man then, as now, told The New York Times that his teenage daughter Isha Ambani didn't like the plastics business in his portfolio. "It pollutes a lot," he quoted her as saying. She is now active in business, having been a board member at Jio, the group's multibillion-dollar telecom bet, since 2014, presumably bringing an environmentally conscious ethos to business.



Godrej Properties has trained 45,000 construction workers, improving their earning potential through upskilling

Young customers and employees preferring brands and companies that adhere to certain values is another nudge. Unilever, the FMCG major with a long history in India, has embraced progressive values wholeheartedly in its operations as well as messaging.

"We believe that today's consumers, especially millennials, are highly woke and want to contribute in their own way to the environment as well as address societal issues. They are demanding brands that deliver more than just the functional benefit, and have a higher purpose that resonates with them. This is supported by research that indicates that millennials want to work for companies that have a purpose beyond their products and profits," says Anuradha Razdan, executive director-HR, [Hindustan Unilever](#) NSE 1.68 % .

Concerns around climate change and the uptick in extreme weather events are another factor that are nudging corporations onto a virtuous path.

Examples abound. Here is a selection from across industries.

Phone maker OnePlus has tied up with WWF India to mark 1,500 days of its mobile operating system OxygenOS. For every tweet with the hashtag OxygenOS, it will plant a tree. Online shopping giant Amazon has committed to eliminating the use of single-use plastic in their packaging by June 2020, a deadline they might have to advance as India is banning all single-use plastic by October.

Mahindra & Mahindra





16 million trees have been planted across India through Mahindra projects, the company says

Foodtech startup Zomato announced paternity leave of 26 weeks, explaining that lack of universal paid parental leave was one of the reasons why the number of women executives falls in higher organisational ranks. Drug maker Novartis followed suit.

Fashion brand H&M has committed to sustainably sourcing all the cotton it uses by 2020. The Lemon Tree hotel chain is famous for hiring people with disabilities (PwD) and integrating them into all aspects of operations. Fast food chain KFC, Aegis BPO and Landmark Group also work on consciously hiring PwDs.

Efforts at automaker Mahindra have meant it now uses 63% less energy to produce a vehicle compared with eight years ago (a tractor takes 33% less energy now to produce). The group saved 58 million kWh of energy through 700 energy efficiency projects implemented in the last five years. That's enough to power 67,000 average US homes for a month.

Bath fittings maker Jaquar recycles 4,221 tonnes of brass and 8 tonnes of chrome annually, as well as 5 lakh litres of water every day. They have been making their showers and faucets with water-saving technology.

HUL has made major strides in energy, water and waste. It managed to reduce water usage (cubic metre per tonne of production) by 55% in 2018, compared with a decade ago. Total waste generated in its factories reduced by 58% in the same period. HUL incorporates social causes in the advertising campaigns of its mass consumer products as well.

In December 2018, Godrej companies introduced a gender affirmation policy for employees who wish to undergo gender transition. Staff can claim reimbursements for non-cosmetic surgeries and hormone replacement therapy.

Taj Hotels



Taj's property in the Andamans uses papaya stems as straws

Many Taj properties are operating their own RO plants and replacing plastic bottles with glass bottles



These initiatives are apart from the impressive work being done by philanthropic foundations of groups and individuals such as [Reliance](#) NSE 2.50 %, Bharti, Azim Premji, Shiv Nadar, the Birlas and others. Then there's also the work funded by corporate social responsibility. Law mandates that companies must spend at least 2% of their average net

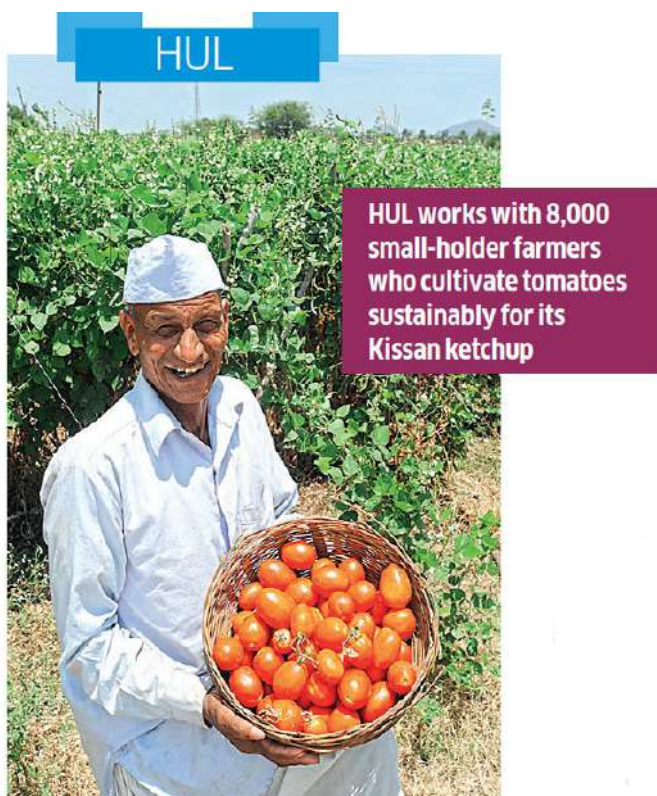
Rastogi, founding partner of the award-winning architect firm Morphogenesis, says companies have become very conscious of the environmental impact of their buildings. "Today, the 'going green' agenda is an integral part of most companies' initiatives.

"Some of our projects across India, such as the corporate offices of ITC, Zydus, Infosys, Wipro and RP-SG, are all conceptualised as green buildings on the drawing board. The key has been to do away with myths of sustainability and instead adopt the right approach within the Indian context."

Good Job

What's going on? Why's everyone suddenly so intent on doing good and being seen as doing good? Some of this is inspired by the evolution of capitalism itself globally. In the US, after the financial crash of 2008 imposed hardship on the general public, companies have sought to project a softer side, talking up progressive causes, going against the grain of the popular ideas of economist Milton Friedman, who said the social responsibility of companies was to make profits. Business Roundtable, the influential grouping of CEOs of America's largest companies, recently cast aside its statement of corporate purpose formalised in 1997. It said:

"The paramount duty of management and of boards of directors is to the corporation's stockholders."



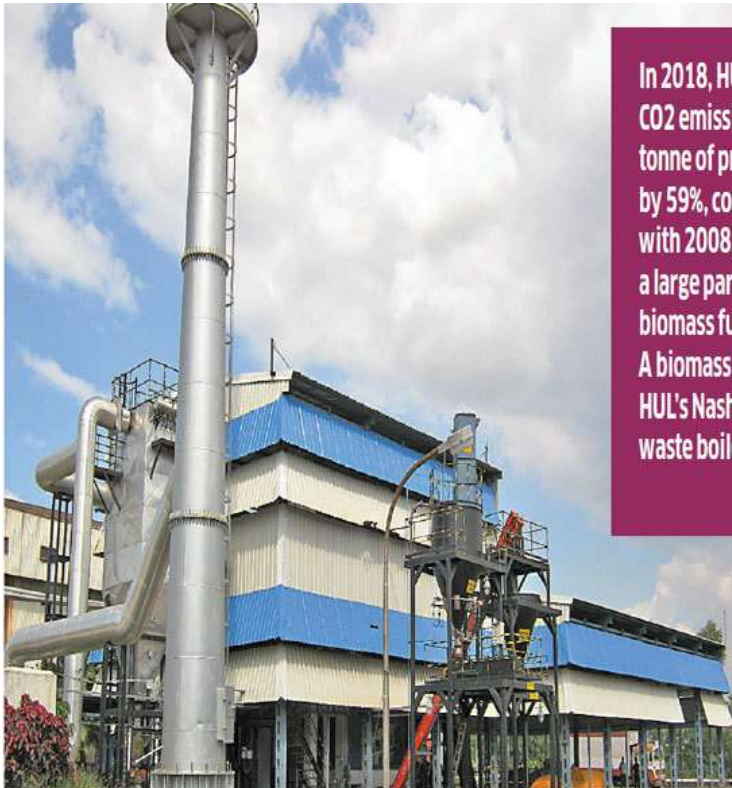
Its new statement, formalised in August, is long and dwells purposefully on themes such as "value for customers", "diversity and inclusion", "protecting the environment", "dealing fairly and ethically with suppliers" and "supporting the communities in which we work".

The first mention of shareholders comes in the penultimate paragraph and all it says is: "We are committed to transparency and effective engagement with shareholders".

At the World Economic Forum in Davos, where the leading figures of corporate India are regulars, these ideas have been debated for a while. The two thinkers at the forefront of this idea - that shared value delivers shareholder value, or that business competitiveness and corporate social responsibility are closely linked - have been academics Michael E Porter and Mark R Kramer of Harvard University. The concept of "shared value" finds explicit mention in the communications of Godrej and Mahindra groups

Indian business groups pioneered many of these ideas.

"I am a big admirer of Jamshetji Tata who said over a century ago that the community is not just another stakeholder but the very purpose of business," says Amit Chandra, MD of Bain Capital and a former non-executive director at Tata Sons.



"The Tata group was accordingly designed with wealth creation as a means for the propagation of societal good in a compassionate way. India was, therefore, at the forefront of the philanthropic movement. The Tatas were not an exception and a few other families like the Godrej, Bajaj and the Birlas were deeply engaged in nation-building around the time of Independence. Over a century later, no one has epitomised this principle better than Azim Premji."

Jamshetji Tata's American contemporaries were robber baron capitalists. Progressive ideas around business and wealth were expressed and practised here long before estate tax gave momentum and definition to philanthropy in the US.

Considering Indian companies operate in some of the most polluted and unequal cities and towns in the world, all that has been done might just be a beginning. And many promoters have still, sadly, not made these matters a priority.

"There is a great deal more to be done. The larger (promoter) community is still of those who just nod their heads to this and don't do enough," says Piramal.

Bonus fun fact: The founder of Kilner glass jars was the great-great-great-grandfather of the controversial British TV host Jeremy Clarkson, who got to see none of that wealth.