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General Electric in India: Global Corporate Citizenship from a Local Perspective

An interview with Sanjeev Jain and Ari Sarker
General Electric

Article at a glance

- Being a good corporate citizen is not just about lawful and transparent operations. It is also about innovation to best utilize local assets to create new products, services, and markets.
- A company, even a large one, cannot address all local problems. It is much more effective to choose a specific area of focus for corporate social responsibility (CSR) programs and excel at it.
- Companies should always be responsive to local needs and engage local stakeholders to maximize the effectiveness of their CSR initiatives.

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Introduction

Corporate citizenship, or corporate social responsibility (CSR), is a global concept increasingly adopted by companies around the world. At the same time, good corporate citizenship becomes truly meaningful only at the local level where a company's commitment to CSR principles translates into concrete actions that affect local communities.

In this interview with the Center for International Private Enterprise (CIPE), General Electric (GE) leaders speak about GE's corporate social responsibility initiatives in India. At their offices in Delhi, Ari Sarker of GE Capital India and the leader of the New Delhi GE Volunteers program and Sanjeev Jain of GE Capital America and the leader of GE Volunteers in India answered questions about GE's view of good corporate citizenship, from the individual employee level and on upwards to the multinational conglomerate level.

Multinational corporations, just like any company, ultimately have an inherent interest and responsibility in engaging with and improving the communities in which they work through active corporate citizenship programs. By improving these communities, multinationals can localize their operations, attract the best employees, and take advantage of a better understanding of the local market.

GE, with over 300,000 employees around the world, has been at the forefront of new trends in corporate citizenship. GE has strong a commitment to laying the foundations of corporate citizenship in emerging markets, strict internal controls that enforce compliance with local regulations and clear governance procedures, and initiatives such as the Ecomagination growth strategy, which focuses on green product manufacturing—such as wind turbines and LED lighting. With these undertakings, GE has demonstrated that you can make money, make it ethically, and make a difference.

The GE Volunteers program is of a particular interest. It is, to a large extent, an employee-driven CSR initiative that aims to address local community issues through the engagement and expertise of its staff. GE Volunteers projects improve life in the communities where GE employees live and work.

CIPE: From your perspective here at GE's offices in India, what does it mean to be a good corporate citizen?

Ari Sarker: I think at a very basic level you need to choose right, credible partners for your CSR programs. In India, there is a common lack of trust toward non-governmental organizations (NGOs) from the business community. Many businesses are not sure whether NGOs are really doing what they have been set up to do or just trying to extract corporate donations. That is something you really have to be careful about in the developing world: who you partner with.

Our overarching CSR philosophy in India is to focus on just a few things, but make them have a high level of impact. We do not want to scatter our efforts over too many projects. For instance, we pick one school and get it painted, or choose a village and make sure it has access to clean drinking water, or buy school books for a certain number of children. We want our efforts to result in a tangible benefit for the community. When we have a program with a concrete result, we feel that it is something clearly measurable and valued.

Sanjeev Jain: We are very careful about vetting and monitoring our NGO partners because we want to make sure that our grants are not being used for activities such as overhead that do not directly benefit the end recipients. More importantly, we want to make sure that our grants are going toward the cause to which we donated in good faith, and that they are not being misappropriated or simply wasted. It really takes many years to develop and maintain that level of trust between businesses and NGOs, particularly in a market as large and diverse as India.

CIPE: Every country has its own unique history and institutions. How have they affected the way GE operates in India? Did you have to adapt to work successfully in the local environment?

Ari Sarker: I do not think there is any question about that. India has a complex legal and institutional framework with which we had to become familiar. That said, I do not believe this institutional framework has led us to do things in a fundamentally different way here as opposed to the United States. I believe that the Indian framework has been tested over time and it has held up well.

We are careful about who we work with and who we partner with, not just in CSR projects but above all in our supply chain here in India. Corruption clearly is a concern, but I think GE high standards as far as integrity of its operations. Adhering to these standards may prevent us from bidding on some of the businesses in our industry, but we will not adopt the questionable practices that some of our competitors may adopt.

CIPE: How is GE involved in local issues? Do you ever work with policymakers and the local business community to formulate policy recommendations to help create a better business environment?

Sanjeev Jain: GE has been gaining a stronger voice in the policy arena. We have particular advantages in terms of bringing innovative ideas to the table since we have businesses in so many different countries. GE is able to see what works and what from global best practices they can use.

Ari Sarker: We do seek a broad consensus among the business community when presenting solutions. Such efforts require cooperation and support from businesses of all sizes and there are opportunities for all in working together. For example, we have made certain proposals related to financial reforms. GE represented the non-banking financial community in making these recommendations. While we were not official representatives of a formal organization of non-banking financial institutions, we were speaking about the issues and challenges for the

entire sector affecting every business in the sector, not just GE.

GE works through the U.S.-India Business Council and the local chamber of commerce and industry. We are also members of many of the other energy and health care forums. At the industry level, these connections between GE and local businesses have always been firmly established. And with regulators, I think we are getting better on communicating with one another.

Sanjeev Jain: I would say one change we are seeing is an increased engagement with the government in public policy, from privatization to some of the water and health initiatives. These programs are starting to play a bigger role in how businesses can become engaged and work with the government to implement the right public policies for India.

CIPE: What does being a good corporate citizen mean in the context of meeting the needs of an emerging market such as India?

Ari Sarker: Being a good corporate citizen is not just about lawful and transparent operations. It is also about being innovative in how to best utilize local assets to create new products, services, and markets. GE is still fundamentally a developed-market company and we need to work harder to figure out emerging markets such as India. I do think things are moving in the right direction. We recognized early on the opportunity to use India's vast talent base and GE Capital India Services, the pioneer of off-shoring, today is a New York Stock Exchange-listed entity. But as far as India's market growth is concerned, we can accomplish so much more.

Sanjeev Jain: GE is truly a global company and we must find a way to use that knowledge to develop new products fitting local markets. Here in Hyderabad and in Bangalore, we are not only working on products for the developed world, but also seeing how we can adapt that technology to this market, to make it affordable for the emerging world.

Take the example of water. Nobody has come up with a way to get potable, clean water into the thousands of villages across India. This problem has inspired the engineers at GE to try and develop inexpensive and reliable solutions. This has opened up a lot of new avenues for us to participate in public-private partnerships with the government and local communities. Currently, we are partnering with governments in two Indian states to work on water purification projects. I think that this is something we will see more of in the future.

CIPE: How does corporate citizenship fit into GE India's larger business strategy and what are the benefits that you see for the company?

Sanjeev Jain: Our corporate citizenship philosophy flows from our corporate culture and business model. Good corporate citizenship needs to start with the management setting an example – and they do set a very high standard here at GE. We definitely feel that we are a responsible business in terms of making our shareholders happy, but we also want to make sure that we are doing the right things for the community. We want to be known not just as a good company, but as a company that does good.

India has many problems and our company has products and services that may help address these issues. We are able to attract, hire, and retain the best employees because people know that GE is a successful company in terms of business performance, but GE also offers a way to give something to the community and people who work here can be proud of the company that they work for.

Ari Sarker: The real benefits of good corporate citizenship come over many years of work. When you look at the Tata Industrial Group, which is a big Indian business conglomerate, they have worked toward social responsibility for 40 years or so, it is by now engrained into their corporate culture. Government and state-level agencies know and expect that Tata undertake CSR programs in the communities where their businesses are located. Tata has built that reputation over the years and

now everybody knows they take care of their people and the community in which they work. GE India has a good reputation, but it takes time and effort for CSR initiatives to show up on the bottom line.

CIPE: Jeffrey Immelt, CEO of GE, at a recent CSR conference said, in reference to the global financial crisis, "The area of transparency and the accountability of corporations, the responsibility of corporations, is profoundly different now, after the financial fiasco." How has this new era affected your CSR programs and your standard business practices?

Sanjeev Jain: Perhaps the most fundamental shift in thinking has been more focused, responsible lending. We want to make sure that we are making solid investments and business decisions with accurate information.

Ari Sarker: While not isolated by any means, India has remained relatively safe from the financial crisis, because we did not do a lot of the things some of the Western banks have done. I think the impact that you see in India is more a reaction to credit becoming completely choked up in the United States, as opposed to something inherently going wrong in the Indian economy. In the last three or four months, things have started to rebound. Liquidity is returning to the market and lending rates are coming down quite aggressively compared to September or October of last year. Banks are extremely well capitalized and some of them are doing even better than the top 5 or 10 banks in the United States.

However, since we are connected to this crisis in one way or another we are being more prudent than we were in the past, particularly in asset-backed financing and similar instruments. In addition to having an impact on internal governance procedures, risk screens are tighter, and deals get discussed and reviewed a lot more. But the crisis's impact on the volunteers and the NGOs we work with is probably minimal. I do not see any significant impact in our CSR initiatives.

CIPE: Does India’s business community have a long tradition of volunteerism?

Ari Sarker: No, we do not. This is a new phenomenon that over the course of the last four or five years has started to gain momentum. Corporations are encouraging their employees to participate in volunteer activities. Because of that we have seen the level and interest in volunteerism increase dramatically in the past few years.

Historically, India as a country has been the one wanting assistance. But now we are going through a phase where individual Indians have come to believe they can actually help one another. And that, I think, is a vital shift in mindset and outlook that all developing nations must go through.

We may not yet have \$50 billion foundations, like those of Bill Gates or Warren Buffet, but we are beginning to see signs of change in that direction. For example, some of the wealthy IT industrialists are setting up foundations of their own here in India with plans to give back to the community. I think this trend is going to create its own momentum – you need one or two local philanthropists first, and then it snowballs into a much bigger movement.

CIPE: What is the GE Volunteers program and how is it organized?

Ari Sarker: The GE Volunteers program focuses on working in Bangalore, Delhi, Chennai, Hyderabad, and Mumbai because these are where the majority of our offices are located and where our employees live.

We have a leader for each region, and local teams decide which local NGOs to work with. Instead of having a top-down employee donations approach, like contributing to the United Way or the Red Cross, we work with NGOs at a local level to accomplish tangible outcomes. We work with about 15 NGOs throughout India today, largely in education and healthcare. Given the resource constraint, we have decided to stay rather narrowly focused so that we can respond to each community’s needs at a local level.

Sanjeev Jain: A few years ago, this initiative was a very top-down program and it was gaining little traction among employees. It has since been modified and now is led by the volunteers themselves. I am really proud to say that since employees took the lead, there has been a lot of good work done and this work is actually making a difference in these communities.

Ari Sarker: Additionally, we have “GE Volunteers Day” periodically throughout the year. If some of our employees have to travel outside of the city to volunteer, we even provide them with transportation. I think GE makes it easy to volunteer your time and that is clearly part of the way we do things.

CIPE: GE recently launched its *Healthymagination* campaign. The program aims to commit \$6 billion to enable better healthcare, focusing on the three vital areas of cost, access, and quality. The \$6 billion will enable product development and adaptation for emerging economies, financing, and marketing outreach. While it is not a CSR program per se, it is addressing the demands of an underserved market as a social entrepreneur might. Can you tell us more about that?

Ari Sarker: The way to look at it is that if you want products that cater to the Indian market, you need to develop them, and partnering with some NGOs helps us reach into rural India. That in itself creates a demand for our products from government-run hospitals and private clinics in rural parts of India.

So, I think that if you ask me whether there is a direct transactional relationship between the *Healthymagination* initiative and our CSR programs, there is probably nothing direct. But what we get from it is the visibility and the reach into this vast Indian market.

Traditionally, the Indian healthcare market has been dominated by GE products manufactured in the United States. They represent cutting-edge technology, but are much more expensive than

what the Indian patients and healthcare providers can afford. In the last two or three years, there has been a push towards creating products that are meant specifically for the Indian market at lower prices. This is a relatively new approach that GE has adopted and we have not seen full impact just yet, but it appears very promising.

Sanjeev Jain: I think that our CSR programs enhance GE's ability to reach customers and expand the customer base. Let us take the example of an MRI. It is a very advanced product – only people who are well-off can afford diagnosis by MRI and to use it they need to go to a big hospital.

Now, looking at market conditions in India, almost half its population earns less than \$2 a day and is predominantly rural. These people cannot afford expensive treatment nor have easy access to it. To address that, some of the new products that GE India has launched include low-cost portable MRI machines (about the size of a briefcase), which were developed in response to local needs. These machines increase the quality of care and the number of people with access to this diagnostic equipment – a definite social benefit for the people of India.

A specific example of something that our volunteer groups have done over the past four years is work with a school for the blind. Our volunteers help with tutoring students and give them career and college advice. Recently, we have had one student accepted into the Massachusetts Institute of Technology. He will be the first blind student to go there on a full scholarship. The news has really energized our volunteer team by demonstrating a great potential of volunteerism.

CIPE: How does GE generally fund these CSR activities?

Sanjeev Jain: Funding comes from multiple sources. The GE Foundation is a private foundation funded solely by the GE Company and supports large-scale programs. It also provides capacity-building grants for strategic volunteering partners. Since local businesses are closest to local needs,

each business provides the first source of funds for local projects and needs. In addition, the GE Volunteers Foundation provides grants to fund individual GE Volunteers projects, funded entirely by contributions from GE employees and retirees. Funding has never been an issue. Rather, the issue is whether or not we have a strong project and strong support from employees.

Ari Sarker: What we have not done, and this is something that we are still debating, is earmarking some portion of a person's salary for philanthropy. It could be a token amount like 500 rupees (\$10), but we have not reached an internal decision yet. On the one hand, if we believe as a company that we care and would like to give back to the society, then employees should also demonstrate these values and not have a problem contributing. But there is obviously another side of the argument that perhaps this is encroaching on employee's rights.

CIPE: Where do you see GE India's CSR efforts going in the future?

Sanjeev Jain: We had about 800 active employee volunteers in the country last year. We collected data on how many hours they contributed to their volunteer projects and it came out to be about 20,000 hours over one year. I believe we can do better. Averaging that out, the current rate of volunteerism is about one hour per employee per year. We hope to double it to two hours per employee per year, and I think we will see results and have a more widespread positive impact on our local communities. While continuing the focus on education and health initiatives, one additional area drawing our focus is green technology. Green technology projects, such as improved water management technology or affordable solar energy giving villages that are off-the-grid the ability to access power without the cost of laying transmission infrastructure, will make use of GE's engineering talents and local expertise.

CIPE: What advice on CSR challenges and opportunities would you give to other companies operating in India?

Ari Sarker: I think the key is to pick a strong team and decide where your company can bring some real value. Then look for those niches where your company's core competencies can be used uniquely. The output of CSR programs cannot just be that a company is bringing in money and volunteers, because that is frankly not much of a differentiator. Companies should look deep inside their own unique pools of resources, expertise, products, services, and ask what it is that they can contribute that no one else can. Then they should form a team that represents those unique strengths and capabilities to find credible partners and design appropriate program tools.

The second key recommendation is that you should try and be as local as possible. You can work with a large national NGO, but make sure that you understand what they do at the local level. That local approach is also crucial for effectiveness. Whatever CSR initiative a company undertakes, it is important that the results are tracked first-hand and the impact measured on the ground. Otherwise, that company's involvement just becomes a talking point.

Sanjeev Jain: I think one other piece of advice is that a company – even a large one – cannot be involved in everything. It is much more effective to choose a specific area of focus such as education. Also, it is important to select projects based on whether they satisfy a need of the community. That is why we make sure that we build relationships with local stakeholders to properly evaluate the impact of our CSR programs. For example, the goal of our educational program is not just teaching students, but making sure that their studies help them keep growing, and that they do in fact grow. You must endeavor to maintain a high-level of engagement and at the same time make the community self-sustaining in the long run.

Ari Sarker is Senior Vice-President and Head of Corporate Finance for GE Capital India. He has 16 years of international experience in accounting and audit, corporate finance, and private equity in

markets around the world. He holds degrees from Delhi University and Cardiff University. He is also a member of the Institute of Chartered Accountants in England and Wales. He leads the New Delhi GE Volunteers program.

Sanjeev Jain is a Business Leader at GE Money Servicing (GEMS – a unit of GE Capital Americas), having built it from a 600-member team in Hyderabad, India in 2004 to a 3,000-member team with 5 global servicing centers. Sanjeev's 10 years of experience at GE include roles in six sigma, service delivery, operations, and relationship management for India, Mexico, and the United States. He leads the GE Volunteers group for India, with 3,000 active volunteers across 5 chapters engaged in 65 projects in education, health care, environment, and community development. Sanjeev holds a bachelor's degree in Mechanical Engineering from Jawaharlal Nehru Technological University, Hyderabad, and a master's degree in Industrial Engineering from National Institute of Industrial Engineering, Mumbai.

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