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## UNIT 3 ROLE OF CBOs AND NGOs IN DRIVING CSR INITIATIVES

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### Structure

- 3.1 Introduction
- 3.2 Evolution of the Role of NGOs in CSR Practice
- 3.3 Corporate – NGO Partnership
- 3.4 Identifying the Right NGO
- 3.5 Rating Scales for NGOs
- 3.6 Successful Case Studies of NGO – Corporate Partnership for CSR
- 3.7 Importance of Being a Well Rated NGO
- 3.8 Let Us Sum Up
- 3.9 Keywords
- 3.10 Bibliography and Selected Readings
- 3.11 Check Your Progress – Possible Answers

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### 3.1 INTRODUCTION

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In the previous unit, you learnt about the nature and importance of relationship between agencies that are identified as key stakeholders in the design and implementation of a CSR program. In the Indian context, inclusion of CSR in the Companies Act in the year 2013 witnessed a simultaneous rise in the number of Community Based Organisations (CBOs) and non government organisations (NGOs) in the country. Ever since, their numbers have been on the rise. This is because such organisations are seen as having the capacity as well as the understanding to design and implement development projects at the grassroots to drive positive change. Thus, as the companies came under the ambit of being legally bound by the CSR Law, they increasingly looked at CBOs and NGOs (hereafter referred to as NGOs) to drive their CSR practice. As you read in the previous units, these organisations are considered to be a key stakeholder in furthering CSR practice. However, we need to understand in greater detail as to what role is envisioned for NGOs in driving CSR initiatives? How can a company ensure that the right NGO is selected for a project? Are there any yardsticks or standardised measures against which NGOs can be rated for quality? Answers to these questions lie in understanding the modalities of NGO engagement in CSR.

After studying this unit, you will be able to:

- Explain the role that NGOs play in the practice of CSR
- Discuss the need for identifying the right NGO for the right project or domain
- Describe the yardsticks that can serve as reference points to evaluate the quality of an NGO.

## 3.2 EVOLUTION OF THE ROLE OF NGOs IN CSR PRACTICE

The long tradition of Indian businesses to engage in philanthropy/charity work has been acknowledged for a long time. During the early stages of industrialization in the country, social responsibility was driven by business families setting up trusts and institutions such as schools, colleges, hospitals, etc., along with donations to temples and pilgrim rest houses. The mid to late 1800s saw Indian industrialists grouping together into associations that provided the necessary groundwork to what is now popularly called corporate social responsibility (CSR), (Arora & Puranik, 2004). Many authors also tend to agree with a general classification of these initiatives into models of social responsibility as evident in India and elsewhere (Arevalo & Aravind, 2011) (Balasubramanian, David, & Fran, 2005) (Kumar, Murphy, & Balsari, 2001). These models include the following:

1. The ethical (Gandhian) model
2. The statist (Nehruvian) model.
3. The liberal (Friedman) model.
4. The stakeholder (Freeman) model

In all these models of social responsibility, there are several non business actors such as NGOs which have played an important role. Let us briefly discuss their role which will also help you in understanding the emerging role of NGOs in the CSR space.

In the ethical model spearheaded by Gandhi, emphasis was laid on a change in consciousness to enable redistribution of wealth, based on the principles of social justice. During this time, nationalistic ideas for a progressive and modern India drove investments into physical and social infrastructure including creation of institutes of scientific and technical research and academic repute.<sup>1</sup> The Nehruvian led Socialist Indian government that formed after Independence reportedly constrained business operations. During this phase Arora and Puranik note (Arora & Puranik, 2004) that a high tax regime and declining business accountability led to setting up of a large number of charitable trusts that were allegedly intended for the purpose of tax evasion. *1970s saw a revival of corporate interests in social concerns, in the new form of corporate philanthropy as opposed to family philanthropy* [(Sundar, 2000) cited in (Arora & Puranik, 2004)]. Growing profitability of Indian businesses transformed them into institutions that run organized corporate activity and motivated them into a form of corporate citizenship. This phenomenon has continued in the last four to five decades during which corporates have started to assist the State in its development initiatives in a proactive fashion.

<sup>1)</sup> Pushpa Sundar in her book (Sundar, 2000) chalks out the history of charity work conducted in India from pre industrial times to modern times. In her reference to this time, she says that “Some of the best Indian institutions, such as the Tata Institute for Fundamental Research, the Birla Institute of Technology and Science, and the Calico Textile Museum, all owe their existence to the private business generosity of the post-independence era”.

India was one of the first countries to create a space for collaboration between the government and NGOs to facilitate development. New types of NGOs appeared, notably the “welfare-oriented” NGOs in the 1960s and “empowerment-oriented” NGOs in the 1970s. The emergence of both groups is related to the socioeconomic and political context of India at that time, including the professionalization of the sector, resulting in viable employment opportunities for young professionals. The government also began to see NGOs as implementers or service providers and supported them through grants, as long as the NGOs in question were not too radical [(Sen 1993), cited in (Arora & Puranik, 2004)]. Such a politically rooted history of NGOs is deemed significant in understanding the transition of corporate responsibility in the forms of liberal and stakeholder models: wherein, in the former case, the onus of social responsibility is levied on the *shareholders* and is proposed to be conducted privately; and in the latter model (stakeholder model) companies respond to the needs of multiple *stakeholders* including customers, employees and communities (Kumar et al., 2001).

More recent literature that reviewed the model of responsibility being practiced by Indian corporates reveals stakeholder approach to be the most dominant approach to CSR today, (Arevalo & Aravind, 2011). This study surveyed top-level managers of a sample of companies currently engaging in a CSR initiative, representing a variety of industry sectors. It notes that contemporary practice also draws from Gandhian values of stewardship and notes lack of resources to spend on CSR activities is a major obstacle to move CSR forward in India. The study concludes that, *given India's mounting social problems, it is much more urgent for Indian firms to find resources to devote to CSR than for firms in the West in order to address these social issues*. Praveen Raj and Vijaylaxmi (2014) remark that ‘sectoral stereotypes, a fierce short-term business climate and a capacity deficient NGO sector are obstacles to greater social impact that can be brought through CSR’. A Study conducted by Narwal & Singh, (2013) maps the performance of CSR in 500 top Indian companies and concludes:

- Very few companies have a clearly defined CSR philosophy. Most implement their CSR in an ad hoc manner, unconnected with their business process.
- Most companies spread their CSR funds thinly across many activities, thus somewhere losing the purpose of undertaking that activity.
- Generally speaking, most companies seem either unaware or don't monitor their company's CSR.

However, as CSR practice is evolving in the country, NGOs are also evolving with respect to streamlining their operations, work protocols and structures. What is left is effective collaboration between these two entities to bring greater impact.

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### 3.3 CORPORATE - NGO PARTNERSHIP

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You must have read in the previous units that Section 135 of the Companies Act encourages collaboration wherein the legislation calls for companies to harp on the expertise of not for profit organisations with a credible

## Implementation Partnership

work record of three years or more. Additionally, provisions in the Act also encourage corporate- corporate collaboration which can help more concentrated investment in a particular social issue yielding greater impact. One such example is the outcome yielded through collaboration between Bharti Airtel, Star Global Resources and IFFCO Kisan Sanchar Limited (IKSL). In this inter-agency collaboration, they worked towards empowering farmers by providing them essential information related to agricultural practices through voice messages and also a helpline. Reported outcomes suggest that about 13 lakh farmers benefited from this initiative (ibid, 2014).

Generally speaking, for a corporate- NGO partnership to last, it is necessary that it is mutually beneficial. According to the Corporate-NGO Partnerships Barometer, a corporation's primary motivation to enter into such a partnership is to enhance its brand, reputation and credibility. NGOs enter such partnerships largely to access funds. Long term stability and impact are other motivations that surface both ways (Caneva, 2014). According to the C&E Corporate- NGO Partnerships Barometer findings of 2019, both NGOs and Corporations feel that such partnerships improve the business understanding of social and environmental issues (C&E, 2019). Businesses increasingly realise that the social change they aspire to bring in the communities is achieved faster than they can achieve on their own. It also brings in transformative changes in the company environment where employees are more sensitive towards the communities they work in. The 2018 Deloitte Millennial Survey reaffirms this trend as it found that loyalty of young employees towards their respective employers decreased in the scenario of a business giving greater priority to the bottom line than to bring about greater good (Mizar, 2019). At the same time, however, it is important for a corporation to find the right partner to be able to generate the intended impact. Wrong partner selection will yield a failed partnership, consequentially leading to wastage of resources. Why do corporations need to invest in due diligence of prospective NGO partners? How can a corporation ensure that the NGO selection process is transparent and valid enough to yield positive and constructive results in the longer run? Answers to these questions lie in understanding the need for identifying the right NGO and what are the validated rating scales or yardsticks that a corporation can use to identify the right NGO partner.

### Activity 1

Review one successful Corporate-NGO partnership and write about any CSR programme being implemented by that partnership.

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**Check Your Progress - 1**

- Notes:** a) Write your answers in about 50 words.  
b) Check your answer with possible answers given at the end of the unit.

1. What are the four models of social responsibility followed in India and elsewhere?

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2. What is the difference between the stakeholder and the shareholder model of social responsibility?

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3. Why is a corporate-NGO partnership important?

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**3.4 IDENTIFYING THE RIGHT NGO**

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India has over three million NGOs operational throughout the country (Anand, 2015). Such organisations can be found in sizes big and small, working on an array of development issues the country is facing. Since the past two decades, a slow and steady trend of corporate funding has emerged for development programmes and activities run by such NGOs and even partnering with them for sustained impact. This trend saw its escalation especially after India became the first country to make CSR mandatory through the amendment of the Companies Act, 2013. For-profit firms and big corporate giants across the country make efforts to fund programmes run by NGOs, or partner with them to design and implement new projects for the development of the society they are a part of. With such a high number of NGOs working at the grassroots, national and even global level, corporates need to consistently research and investigate which NGO to associate with and where to spend their money in order to get maximum social impact and generate valuable (and measurable) outcomes.

**Implementation Partnership**

Choosing the right NGO partner is critical to ensure that the partnership yields positive social impact and brand positivity for the corporation. The ratio of NGOs to people (one NGO for 600 people) outnumbers the ratio of policemen to people (one policeman for 943 people). However, it is this burgeoning number of NGOs that makes it difficult and more so critical for a corporation to choose the right implementation partner. While there may be several credible NGOs in the sector, choosing the right implementation partner is important and should be based on the following parameters:

- a) **Credibility:** the NGO should have a clear track record on reporting and adhering to provisions laid out by the government. Financial transparency is another aspect that adds to the credibility of the NGO. The corporation should also harp on reviewing the feedback available about the NGO and should be reflective of these characteristics.
- b) **Alignment with the Corporate’s CSR Vision:** there may be several NGOs that qualify the credibility dimension. However, they may not necessarily be experts in the domain that the corporate wants to invest into. A mismatch of the domain expertise can be harmful as the project is likely to either fail or not produce the intended impacts.
- c) **Community Connect:** there would be several NGOs that are credible, transparent and also align with the required domain expertise. However, they may lack the connect with communities. Making inroads into communities is of paramount importance as sustainability of any project has absolute reliance on the communities taking ownership of the social change a project intends to bring about.
- d) **Corporate Partnership History:** the corporation must obtain a thorough knowhow of any past corporate partnership of the NGO. This may not necessarily be present for every organisation but for the ones that have a history must be reviewed. This gives a peek into how the NGO managed the relationship and whether it was a lasting one or didn’t see the light of the day after the initial engagement.
- e) **NGO Rating on Credible Rating Standards:** given the huge number of NGOs across the country and the growing concerns of corporations to identify the credible ones for partnerships, the government and few other agencies have developed rating standards for NGOs which saves funders from the due diligence process. However, what rating standard a corporation is using as a reference point for selection also requires attention.

**Activity 2**

Visit a CSR project being implemented in partnership with an NGO in the city of your residence. Discuss with the employees of the CSR department of the corporate about the parameters considered by them in choosing the partner NGO

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In a qualitative analysis of interviews conducted with managers responsible for implementing CSR in PSUs in India, Subhasis Ray (2014), notes that managers consider working in social welfare department at PSUs as a non-significant job. The managers complained of lack of guidelines in selection of NGOs to partner with, in the absence of which they are forced to use the existing NGOs inspite of their dubious records. The study also found out that there was no single database in India, identifying the NGOs working in the country, their background and specialty. Thereby PSUs were at a loss to identify NGOs in the communities (Ray, 2014). Similar concerns have surfaced from representatives of profit making corporations who find selection of credible NGOs a daunting task. In this backdrop, efforts have been made by private agencies as well as the government to develop rating scales, conduct due diligence of NGOs and create databases of credible NGOs.

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### **3.5 RATING SCALES FOR NGOs**

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NGO rating scales or a database of credible NGOs can be a useful reference point for corporations and government PSUs who want to implement CSR through NGOs. A recent stride in this direction has been the setting up of NGO Darpan by NITI Aayog, a portal that enables VOs/NGOs to enrol centrally and facilitates creation of a repository of information about VOs/NGOs in each sector and state of operation. The portal facilitates VOs/NGOs to obtain a system generated Unique ID that has been made mandatory to apply for grants under various schemes of Ministries/Departments/Governments Bodies. However, the portal clarifies that the database only enlists information that is self declared by the NGO and the portal does not do any validation (NGO Darpan, 2019). Another initiative by the Union Government in this regard has come from the Ministry of Corporate Affairs (MCA). MCA has come out with a list of NGOS that it calls ‘sanitized’ NGOs – ‘free of any terrorist links or unwanted funds’ – that companies may choose to partner with for implementing their CSR policy. MCA is listing these NGOs through the Indian Institute of Corporate Affairs (IICA). The vision for this exercise is to synergise partnerships between corporations and NGOs (CAP India, 2015).

CII’s Centre of Excellence for Sustainable Development (CESD) has also come up with an NGO assessment framework in response to most companies question “Does the organisation have capacities and capabilities to deliver my project?”. To respond to these two necessities of the companies, there are four aspects covered under this framework. These are:

- Human Resources
- Projects
- Risk Management
- Stakeholder Engagement

Each of these aspects consists of questions. In all there are 12 questions. This NGO assessment is based on guidance and not on scoring. Assessors will offer guidance based on their assessment. The guidance will cover both strength and gap areas of NGOs. The guidance will be specific to the extent of guiding companies whether the NGO should be engaged or not. CESD

## Implementation Partnership

is available to help companies with on-demand service. Upon receiving confirmation of assignment, CESD will send out the assessment form to implementing agencies to be assessed. The filled form will be given to a team of assessors for Level-1 assessment. Level-2 assessment or on-site verification will be conditional to outcomes of Level-1. On-site verification will seek to validate claims made by organisations in the form. Final outcome will be presented to the company for their action (CII, 2017).

A couple of private institutions have also taken up this task that caters to resolving the NGO selection issue by rating NGOs for their performance across various indicators so as to define their credibility. This helps corporates planning to build on their social responsibility to carefully partner with NGOs they can trust, not only in terms of delivering the desired output but also ensure transparency and accountability among stakeholders. Credibility Alliance (CA) is one such example of an organisation that provides accreditation to Voluntary Organisations (VOs). They set some minimum and desirable norms that VOs should be following in order to get the accreditation, which ensures the quality of the VO is maintained. A periodic evaluation is conducted that helps in improving the credibility of the NGOs. HR Policies, appointment letter provided to staff on joining, salary levels along with gender break up, international travel details and blood relation among board members are few of the requirements along with legal documents like registration and FCRA certificate that are to be submitted to the organisation. After reviewing these documents along with a report submitted by an assessor who physically visits the organisation to check its work, the accreditation is approved or rejected by the Central Accreditation Committee. Their website currently lists around 683 VOs under Desirable Norms, Minimum Norms and Basic Norms. These norms look into the overall image of the organisation from its legal status, vision and objectives to its governance structure, management and transparency. Such accreditation helps in attracting financial and other forms of support from prospective donors and helps increase the authenticity and reach of such non-profit organisations.

Another such firm that claims to prepare India's largest list of certified and vetted NGOs is GuideStar India. They are involved in certifying non-profit organisations primarily based on their transparency and public accountability. After thorough due diligence by their experts, GuideStar certifies the NGOs based on their level of compliance. As per the process mentioned on their website, the certification ranges from GuideStar India Platinum (Champion Level) to GuideStar India Gold (Advanced Level) and needs to be renewed annually. The due diligence involves comprehensive transparency, accountability and good governance practices followed by the NGOs and exemplary level of such public disclosure of financial and organisational details leads to the certification. Basic information disclosures and verification of filing of annual income tax returns and voluntary disclosure of the same in the public domain by NGOs also leads to their certification of a Transparency key at the foundation level. Such kind of certification is based almost entirely on the voluntary disclosure of organisational details and it helps corporates choose a trustworthy and honest NGO for a fruitful partnership.

One of India's leading rating agency CRISIL also ventured into evaluating NGOs, offering a comprehensive assessment of their profiles. Their evaluation is much more holistic and focuses on a number of aspects other



than just transparency and accountability. The grading done by CRISIL looks into the governance structure, management and delivery capabilities, processes, funding profile and cost structure of the NGOs. Document verification and in-depth analysis of the financial and performance data helps CRISIL assign grades on the basis of their capacity to deliver. Other important parameters such as the people driving the NGO, trainings for field staff, grievance mechanism for beneficiaries and impact evaluation of NGO's programmes are thoroughly done before any grades are assigned. CRISIL came up with five grades for capacity delivery - VO 1A to 5A, while for financial proficiency, the grades are High, Moderate and Low. Offering an unbiased assessment of the NGOs, CRISIL also provides customised screening of such organisations on parameters that are predefined by funders or corporate donors. Such assessments result in an unbiased and holistic review of the NGO and help corporates make well informed decisions regarding disbursement of funds and partnerships.

Private consulting firms have also responded to this need for database management of NGOs. Tata Strategic Management Group is one such consulting firm that has listed a project of creating and operating National CSR Hub on its website. Tata Strategic Management Group has formulated the strategy for creation and operation of a National CSR Hub that can provide guidance and direction to PSEs (Public Sector Enterprises) for carrying out more impactful activities on a larger scale. It conducted a detailed study on CSR activities of the PSEs and the role a central entity can assume. It also studied CSR Hubs in other countries to draw learnings which can be implemented in the Indian scenario. Various NGOs, PSEs and United Nations bodies were also consulted during the process. Tata Strategic defined the roles and activities of CSR Hub including research and advocacy, managing implementation partners, capacity building of partners, strategic direction setting for PSEs and monitoring and evaluation of their activities against plan (TSMG, 2019).

Such accreditations and ratings not only help corporates in identifying prospective organisations to partner with or fund, but it also proves to be a great help for NGOs with their visibility and credibility in the development sector. Organisations that follow low regulatory compliance and lack credibility affect the donor confidence as well as the inflow of money. It is widely considered that the IICA listing is expected to have more credibility among corporations compared to the databases offered by private agencies.

**Check Your Progress - 2**

- Notes:** a) Write your answers in about 50 words.  
b) Check your answer with possible answers given at the end of the unit.

1. What guiding parameters should be kept in mind while selecting an NGO for CSR partnership?

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**Implementation Partnership**

- 2. What are sanitised NGOs and who has given this term and in what context?

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- 3. Write about two important rating scales available for rating NGOs.

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**3.6 SUCCESSFUL CASE STUDIES OF NGO-CORPORATE PARTNERSHIP FOR CSR**

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While there are countless claims of NGOs doing good work with CSR money, there is no means to verify the validity of impact. A study by Bala et al, (2014) attempts to capture the differences in the CSR practice of multinational companies (MNC), private Indian companies (PIC) and public sector companies (PSCs). The findings conclude that PICs and MNCs invest more in environment and natural resources protection issues than social issues. PSCs contrastingly give equal importance to all issues. MNCs focus more on community welfare and the other two focus more on community development. Box 3.1 and 3.2 are brief case examples of an NGO-Corporate CSR partnership where there is evidence of positive impact.

**Box 3.1: Glaxo Smith Kline – Save the Children**

In 2013, the multinational pharmaceutical company GSK joined hands with Save the Children organisation to help reduce the incidence of preventable deaths among children under the age of five. Combining the resources and scientific expertise of GSK with on-ground knowledge and experience of Save the Children has shown some exceptional results in the five years of its partnership. Their joint partnership led to some ground-breaking results that focused on improving access to basic healthcare, developing child friendly medicines, training and equipping health workers and working towards stronger child health policies at a local and global level. They also work towards strengthening healthcare systems across countries and accelerating scientific innovations in global public health.

IMPACT: The partnership has reached over 5 million people till 2018 which includes 2.8 million children under five years of age in 45 countries.

They have successfully immunized 97,600 children, treated diarrhoea and malaria of 187,000 children, as well as screened and treated malnutrition of over a million children. Apart from this, 300,000 children have also been helped during or after emergencies.

They have renewed their partnership for another 5 years in 2018. The case is a perfect example of a strong corporate–NGO collaboration that was able to harp on each other’s assets and expertise to deliver measurable impacts at a global level.

### **Box 3.2: Proctor & Gamble – Pratham Foundation**

Proctor & Gamble (P&G) started their own CSR program in 2005 called P&G Shiksha that worked towards providing holistic education to children from underprivileged backgrounds. The firm joined hands with various non-profits along the way to delve deeper into specific areas of early child education, infrastructure development and improving educational outcomes. One such partnership was with Pratham Foundation to work on remedial learning through their Read India program, wherein Pratham sets up 10-12-day learning camps for students based on their learning level rather than their age or grade. Another programme they fund is on early childhood education, focusing on building motor, cognitive, socio-emotional, language and creative skills in children aged 3-5 years thereby increasing their readiness for school.

**IMPACT:** The Read India Program reached out to more than 500 schools and 18,000 children in the states of Rajasthan, Chhattisgarh and Maharashtra. Only 20% of the children in these schools were able to read and write as per their curriculum level before the intervention, which increased to 70% afterwards. A more than two fold increase was seen in the percentage of children able to do basic arithmetic post intervention as well. Similarly, the early childhood program has reached more than 1,60,000 children till date across the states of Bihar, Uttar Pradesh, Rajasthan, Himachal Pradesh and Delhi. Around 85% of these children in the intervention group were seen to have competent motor skills versus 42% of children in the control group.

Pratham and P&G started this partnership in 2005 and it is still going strong. P&G was able to achieve such impact by partnering with like-minded organisations that shared its values and mutual interest in education.

For an NGO-corporate partnership to yield results and make for a lasting partnership, it is necessary that the corporate invests with the right objective of bringing in social good and the NGO has the skills and capacity to transform the objectives to reality. In the light of rating standards developed by the government and private agencies alike, there is a lot of pressure and expectations from NGOs to qualify these standards and feature on the credible databases in order to receive CSR funding.

## **3.7 IMPORTANCE OF BEING A WELL RATED NGO**

As we have discussed in the previous sections, building partnerships between corporate partners and NGOs is marked with the challenge of the sheer number of NGOs that function on multiple issues and carry different levels of expertise (Rajeev & Kalagnanam, 2017). While there are several rating

**Implementation Partnership**

scales and databases available, there are some essential tenets by virtue of which a credible NGO can be identified. The set of guidelines released by CRISIL to evaluate functioning of Indian NGOs based on performance and financial proficiency can be largely considered to do an initial assessment of an NGO partner. The guidelines further elaborate on each dimension to list down the aspects to investigate before making the partner selection.

*In Capacity Delivery mainly three things are focused –*

1. Profile – means people driving the NGO, founders, trustees and such other aspects.
2. Process – means how sound an NGO is in processes, training of field staff, project implementation process, etc.
3. Program – Impact Analysis of Flagship program of NGO.

*To Analyse Financial Proficiency, there has been rigorous procedure to check –*

1. Ability of NGOs to raise funds.
2. How well funds are utilized.

*(Source: Mansuri, 2014).*

In this era of competition, a well rated NGO is likely to be in the spotlight of corporations for the purpose of furthering their CSR practice and brings the following advantages to the gamut of CSR:

1. Makes CSR impactful
2. Brings sustainable social change
3. Establishes ideals for CSR partnerships
4. Promotes cross sector collaborations

**Check Your Progress - 3**

- Notes:** a) Write your answers in about 50 words.  
b) Check your answer with possible answers given at the end of the unit.

1. What are the dimensions that CRISIL highlights should be focused upon while assessing NGO?

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2. How do ratings of NGOs help in the practice of CSR?

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### 3.8 LET US SUM UP

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India has witnessed an enormous proliferation of NGOs and CBOs in recent years especially after the CSR provision in the Companies Act of 2013 bound all companies earning a profit of more than 5cr to invest 2 per cent of their net profits on issues of social development. NGOs have taken centre stage in the implementation of CSR as corporations are likely to fall short of the skills required to design and execute projects addressing social issues and the 'connect' with communities requiring such interventions. The emergence of NGOs in the CSR space is however ridden with issues of trust, accountability and impact. The profit driven perspective of corporations adds to the woes as they expect immediate returns on investments which are likely to not appear in development projects. The burgeoning population of NGOs is another dimension which has led several government and private agencies to come up with rating scales and standards to help create databases that can be used by corporations to select NGO partners. These rating scales largely harp on dimensions of legal identity, management, transparency, financial capability, organisational structure, operations, systems and processes, human resources and risk management. Being a well rated NGO is important to be able to further CSR practice in collaboration with corporations.

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### 3.9 KEYWORDS

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**Non-Governmental Organizations (NGOs):** An agency that works independent of the government and is largely constituted to address a social issue.

**Community Based Organizations (CBOs):** A public or private non-profit organisation that is representative of a community group and is constituted with the primary objective of addressing social issues of a community group.

**Credibility:** The aspect of being trusted or believed by others.

**Transparency:** The aspect of being open, accessible and accountable.

**Rating:** A classification or ranking of something based on a comparative assessment.

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### **3.11 CHECK YOUR PROGRESS - POSSIBLE ANSWERS**

#### **Check Your Progress - 1**

**Answer 1:** The four models of social responsibility that are largely followed in India and elsewhere are:

1. The ethical (Gandhian) model
2. The statist (Nehruvian) model.
3. The liberal (Friedman) model.
4. The stakeholder (Freeman) model

In all these models of social responsibility, there are several non business actors such as NGOs which have played an important role.

**Answer 2:** In the shareholder model, the onus of social responsibility is levied on the *shareholders* and is proposed to be conducted privately; and in the stakeholder model, companies respond to the needs of multiple *stakeholders* including customers, employees and communities.

**Answer 3:** Corporate- NGO partnership is important as both stakeholders feel that such partnerships improve the business understanding of social and environmental issues. Businesses increasingly realise that the social change they aspire to bring in the communities is achieved faster than they can achieve on their own. It also brings in transformative changes in the company environment where employees are more sensitive towards the communities they work in.

#### **Check Your Progress - 2**

**Answer 1:** Important parameters to be kept in mind while selecting an NGO for a CSR partnership are: credibility, alignment with the corporate's CSR vision, community connect, partnership history with corporates, NGO rating on credible rating standards. Alongside, financial transparency, human resources, organisational structure should also be considered.

**Answer 2:** Ministry of Corporate Affairs has come out with a list of NGOs that it calls 'sanitized' NGOs – 'free of any terrorist links or unwanted funds' – that companies may choose to partner with for implementing their CSR policy. MCA is listing these NGOs through the Indian Institute of Corporate Affairs (IICA).

**Answer 3:** Credibility Alliance (CA) provides accreditation to Voluntary Organizations (VO). They set some minimum and desirable norms that VOs should be following in order to get the accreditation, which ensures the quality of the VO is maintained. A periodic evaluation is conducted that helps in improving the credibility of the NGOs. HR Policies, appointment letter provided to staff on joining, salary levels along with gender break up,

## Implementation Partnership

international travel details and blood relation among board members are few of the requirements along with legal documents like registration and FCRA certificate that are to be submitted to the organisation. After reviewing these documents along with a report submitted by an assessor who physically visits the organisation to check its work, the accreditation is approved or rejected by the Central Accreditation Committee. One of India's leading rating agency CRISIL also ventured into evaluating NGOs, offering a comprehensive assessment of their profiles. Their evaluation is much more holistic and focuses on a number of aspects other than just transparency and accountability. The grading done by CRISIL looks with detail into the governance structure, management and delivery capabilities, processes, funding profile and cost structure of the NGOs. Document verification and in depth analysis of the financial and performance data helps CRISIL assign grades on the basis of their capacity to deliver. Other important parameters such as the people driving the NGO, trainings for field staff, grievance mechanism for beneficiaries and impact evaluation of NGO's programmes are thoroughly done before any grades are assigned.

### Check Your Progress - 3

**Answer 1:** CRISIL divides the rating proficiency guidelines into two parts: capacity delivery and financial proficiency. In capacity delivery, it suggests to focus on the following:

- Profile – means people driving the NGO, founders, trustees and such other aspects
- Process – means how sound an NGO is in processes, training of field staff, project implementation process, etc.
- Program – Impact Analysis of Flagship program of NGO.

To analyse financial proficiency, the following parameters have been highlighted:

- Ability of NGOs to raise funds.
- How well funds are utilized.

**Answer 2:** Selecting a well rated NGO can help

- Make CSR more impactful
- Bring sustainable social change
- Establish ideals for CSR partnerships
- Promote cross sector collaborations