



Time To Institutionalise Giving

Philanthropic institutions, endowments and charities need to follow the same benchmarks as corporates do when it comes to adhering to management and governance, accountability and reporting and institutional transparency

WHAT TO EXPECT IN 2015

By Shiv Nadar

WHEN GIVING IS NOT GOOD ENOUGH

NELSON MANDELA ONCE said: “Education is the most powerful weapon you can use to change the world”. For me, this is a reality as I am a product of education myself. Twenty years ago, when I first started the foundation, it was a leap of faith. My journey from an entrepreneur to a philanthropist has been a long one but, more importantly, it has been one of constant learning, but none as profound as understanding the evolving concept of giving.

At that time, no one actually spoke of giving. Corporate social responsibility (CSR) was not part of any boardroom or corner office conversations. Perhaps, the Tatas were an exception. Philanthropy did not even exist in India in those days. With the 2 per cent CSR mandate for corporates and increasing number of individuals embracing philanthropy, giving is definitely on the rise. This, I believe is truly welcome. However, it is also important to realise that giving is far too nascent in India as compared to the West. Giving, in our country, needs to evolve and mature and that is possible only through a few concrete steps. Here is what I expect in 2015...

What Ails CSR

The single-largest challenge in the current CSR Bill, I understand, is the absence of direction. I believe this is an important leg in the successful implementation of the mandate. CEOs and entrepreneurs are focused on managing businesses and enhancing productivity and profits. They are not well equipped to identify the right vehicles for their CSR spends. Which is why I expect a certain amount of chaos, confusion and randomness when it comes to allocating these funds and, more importantly, tracking them from an outcome point of view.

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WHAT TO EXPECT IN 2015

According to Laura Arrillaga-Andreessen, a social entrepreneur and educator at the Stanford Graduate School, an estimated two-thirds of individual giving in the US is based purely on emotion; it has no research behind it. I do not believe that this is any different anywhere else in the world.

A more cohesive set of guidelines and directives — jointly debated and decided by policy makers and industry bodies — is the need of the hour to minimise random giving and make spends effective.

Institutionalise Giving

CSR, or philanthropy, that is, organisational or individual giving, both need to get institutionalised in India for the space to mature. This would require strategy, processes, tools and systems. And this is not difficult for corporates or individuals who have built and led business institutions on the pillars of strategy and processes.

Giving needs to become an organisation in itself — whether it is in a corporate set-up or in a philanthropic one. A focused strategic approach can create a more effective culture of giving, going forward. I hope to see organisations and foundations adopting a more institutionalised approach to giving, starting next year.

Build Transparency & Governance

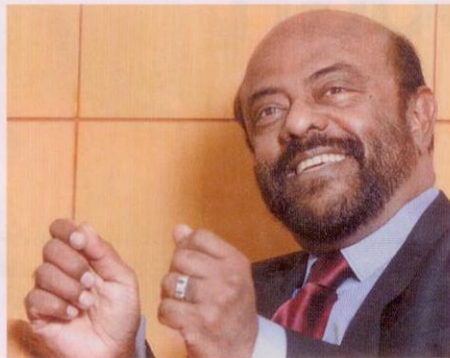
Philanthropic institutions, endowments and charities need to follow the same benchmarks as corporates do when it comes to adhering to management and governance, accountability and reporting and institutional transparency. In November, last year, we at the foundation published the first annual report. Why did we do it? I believe it is not enough to just pledge. One needs to spend and make spending accountable by bringing this information to the public domain.

In India, unfortunately, the entire space of giving is looked upon with a lot of suspicion. This perception needs to change. We need to bring in very high standards of transparency and governance. A board, a management, an advisory panel and, most importantly, a system of accountability will

define high standards in governance.

A more vibrant and enabling environment that allows for more sustained and positive outcomes ensures more effective allocation of resources. This, in turn, also fuels a powerful cycle of accountability and impact on the other side, compelling not-for-profit organisations to better evaluate and showcase their work and clearly communicate how they are creating tangible and measurable impact.

This is even more relevant for smaller NGOs in the space. Transparency is the order of the day. An increasing number of corporates and foundations are coming out with their CSR/philanthropic annual reports. I see this trend rising in 2015, with even small institutions becoming more accountable.



Lasting Impact: Philanthropy is not about individual commitment. Every act of philanthropy needs to outlive the individual

A Lasting Legacy

Philanthropy is not about individual commitment. I believe that every act of philanthropy needs to outlive individuals to make real impact. For the first 12 years since inception, the foundation focused only on building SSN College of Engineering. It was only in 2009 that we set up the first Vidyagyan School, which was followed by other foundation initiatives in education. What gave me conviction and the confidence to build on what we had started was the keen interest shown by

my daughter Roshni. When she came back from the US after studying social entrepreneurship, she clearly wanted to take the legacy of philanthropy forward.

High-impact philanthropy begins with a philanthropist's personal commitment. However, long-term family involvement and commitment makes a huge difference in the long run. A big part of the legacy that you leave behind involves and impacts your successors. Therefore, succession planning even within the family is critical. I expect and hope to see strategic succession planning in the space of giving starting 2015. Philanthropy, as a family legacy, would not merely bring generations together to work towards a common goal but would truly institutionalise the act of giving. **BW**