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Business Responsibility and related concepts - such as corporate social responsibility (CSR) and sustainability (economic, social and environmental) - in a country should be understood within a broader context and system of national societal governance. The participants of a national societal governance system include all three institutional actors - government (and its agencies), business organisations, and civil society organisations. Unlike in the past, when traditionally legislative and regulatory provisions were the primary tools to manage economic, social and environmental sustainability impact of business behaviour, activities and externalities and dealing with market failures, businesses now operate in a network with government and civil society actors, and not just in market relations. Hence, inter-dependencies among all institutional actors depend on reciprocity based upon recognition and pursuit of shared values and interests. An illustration of this is the increasing number of multi- and cross-sector collaborations worldwide, not just for commercial activities but also for activities of public and societal interests.

Participation of businesses in such developments is explained from their individual firm specific considerations, as well as collective business interest and wider interest in society. Government’s motivation is to encourage responsible business practices so that businesses substitute and complement government efforts, and legitimise government policies. Similarly, the civil society actors are motivated from their own organisation-specific interests to wider societal interests and benefits through public and business policies.

Globally, becoming a responsible business organisation such that every action contributes not just towards business continuity and economic growth but also towards economic, social and environmental sustainable development, is increasingly becoming imperative. However, in countries and contexts where legal and regulatory enforcement mechanisms are not up to the mark, softer forms of control such as voluntary self-regulatory frameworks and mechanisms may produce better results for improving business behaviour and practices towards a responsible and sustainable conduct. Self-regulation frameworks are gaining momentum and attention, particularly in relation to managing negative impacts of business activities. A wide range of regulatory instruments exist to influence business behaviour, ranging from voluntary to mandatory; firm-level to international; and in terms of the actors involved in developing and implementing them. However, global proliferation of voluntary sustainability standards (VSS) should be seen as a manifestation of voluntary multi-stakeholder self-regulatory approach and initiatives. Otherwise it would be difficult to explain and justify such a widespread proliferation of VSS. Given that businesses usually participate in the definition and development of these multi-stakeholder and multi-dimensional frameworks and mechanisms, it is hoped that the uptake and implementation of such voluntary instruments would be relatively higher.

One such multi-stakeholder initiative in India is the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business. The NVGs were developed and formulated over a period of three years (2008-2011) and released in July 2011. A joint project between Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH of Germany and the Ministry of Corporate Affairs, Government of India, which led to the formulation of NVGs, aimed at developing a

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1 CEO, Centre for Responsible Business (CRB)
3 Ibid.
common understanding amongst businesses and several stakeholders in India of responsible business conduct and the notion of business responsibility.

One remarkable and distinguishing characteristic of VSS is its multi-stakeholder orientation, engagement and development process. The extensive multi-stakeholder engagement and substantive consultation process followed in the development and formulation of NVGs in India has been exemplary. While the initiative was led by the Ministry of Corporate Affairs (MCA), and anchored at the Indian Institute of Corporate Affairs (IICA), government, businesses and civil society organisations actively participated in the development and framing of NVGs with consultations held in several cities of India, giving an opportunity to multiple stakeholders to participate and contribute. This initiative highlights interest and role of government, businesses and civil society actors - as a part of national societal governance - towards institutionalising business responsibility in India. NVGs can hence be seen and understood as part of the national societal governance system, with ownership and responsibility for its promotion, uptake and implementation jointly vested in its all constituents, the three institutional actors – businesses, government and civil society organisations.

The NVG Framework and Principles
As per ODI report (2013), “The NVGs are an aspirational and comprehensive set of guidelines to encourage socially and environmentally responsible business behaviour in India. They are intended to have an ‘India-specific’ focus, which takes the Indian context into account, and be relevant to businesses irrespective of size, sector or location, including Indian multinational companies (MNCs) operating abroad and foreign-owned MNCs operating in India. The NVGs also address Micro, Small and Medium Enterprises (MSMEs) and their ability to meet requisite standards to participate in national and global supply chains. They are not prescriptive but are intended to encourage businesses to take into account environmental and social considerations in addition to financial imperatives.”

The NVGs are a mutually agreed societal definition among the three institutional actors and outline what is expected of businesses as their responsibilities and from their every action. NVGs, therefore, are meant to encourage businesses for adoption of responsible business policies and practices and offer a comprehensive framework to embed operational processes and procedures supporting responsible decision making, and plan, govern, innovate, engage stakeholders, train, manage, monitor and evaluate, measure and analyse, disclose and benchmark impact of their operations. Following such a rigorous process, it is believed, can facilitate turning the negative business operational impacts to positive and sustainable impacts. The NVGs comprise nine principles, which are locally, nationally and globally relevant, and reflect and are aligned with global orientation on the issues covered.

The nine principles of business responsibilities in NVGs cover - corporate governance and public policy engagement issues, consideration of minority shareholders, the environment, positive social policies and practices, such as labour rights, human rights, fair treatment of producers in the supply chain, consumers, and the promotion of inclusive and equitable growth. More importantly, besides the principles, the NVGs document also provides a guidance tool to support implementation of principles. Leadership, integration, engagement and reporting – outlined as guidance tool include a set of eight indicators, identifying basic compliance needs and good performance. The annexes in the NVGs document offer business case for adoption and implementation of the NVGs principles, Indian legislations relevant to various principles, and also resources and sources that were utilised in the formulation of NVGs principles and the document.

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7 Ibid.
Disclosure and Reporting: Important Tools for Businesses, Civil Society, and other Stakeholders

Multi-stakeholder and participatory approach driven VSS for businesses is emerging as a useful mechanism to collectively outline and define societal expectations of business behaviour and influence usual norms for positive change. While the legislative and mandatory regulatory provisions have increasingly shown their limitations, VSS offer a starting point for discussion and strategically and subtly increase pressure on government and businesses to act to improve business behaviour and practices. Civil society actors play a key role in the process of VSS development, monitoring business activities and highlighting the good, and not so good practices in implementation. Monitoring, auditing by independent parties, voluntary disclosures, and reporting are important aspects of implementation, verification and assurance of VSS. Civil society actors usually play a critical role in the monitoring, analysis, and publicising of VSS. The ODI report suggests that the primary role of self-disclosures and reporting by businesses, as envisaged in most VSS is to:

- Provide a framework and a tool to a firm to implement, monitor and measure the business responsibility policies across all its functions and operations;
- Inform stakeholders of a firm’s business responsibility policy and practices for engagement;
- Allow investors and consumers to make informed decisions about their engagement with the firm, and promote further business responsibility;
- Allow policymakers to have an aggregate view of the progress, align with public policies, and drive positive change by highlighting bad practice and recognising industry leaders.

The Business Responsibility Reporting (BRR) framework has been mandated in India by Securities Exchange Board of India (SEBI) for the top 100 publicly listed companies by market capitalisation. The BRR framework is based on the nine principles of NVGs and expects companies to disclose progress made and actions taken against each of the identified areas in the principles. Businesses can discuss their journey, achievements and challenges on each of the NVGs principles. These reports can be accessed by government and civil society actors, partners of businesses (suppliers, buyers and others along supply chain), employees of companies and wider community which creates an opportunity for government agencies, civil society to engage in a dialogue with businesses and encourage and complement the efforts as a part of national societal governance.

While mandating of business responsibility reporting for a voluntary self-regulatory mechanism can be argued against, it is also important to appreciate that the top 100 companies in India often yield more power than government of some states, and smaller nations, and are expected to have a wider responsibility towards society. The BRR framework can be interpreted as enabler for furthering the responsibility of business in society and providing a common platform for a dialogue for all actors in a multi-stakeholder environment. The overlap between BRR and other international reporting standards - such as Global Reporting Initiative (GRI) and Carbon Disclosure Project (CDP) - have been studied and developed to facilitate companies to minimise duplication and have an opportunity to engage with all its stakeholders.

NVGs have set the stage for Indian businesses to engage in a multi-stakeholder and participatory dialogue with government and civil society actors as a part of national societal governance to jointly contribute towards achievement of economic, social and environmental agendas of national development. BRR is an important tool and an opportunity for civil society organisation, governments and other stakeholders of businesses to engage and promote business responsibility and contribute to continual performance improvement by businesses for furthering the sustainable development agenda of India and nation building.

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8 Ibid.