

The Emerging Landscape of Family Firm Philanthropy in Uttar Pradesh

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Abstract

Family philanthropy has deep roots in India and, over the years, it has garnered its fair share of academic attention as well. However, the focus continues to be on large organisations and foundations. The study of philanthropy of smaller family firms reveals it to be a multilayered, heterogeneous problem given the sheer number of organisations and their diversity in terms of size, industry, and geography. Nevertheless, robust academic studies on how these organisations give back to society offer valuable insights into the giving patterns, guiding philosophies, and social motivations of these firms. This paper is based on semi-structured interviews of promoters of family businesses in Uttar Pradesh. Nineteen firms were included in this study. The interviews shed light on how these organisations choose to fulfil their social responsibilities with discussions on focus areas, initiatives, mechanisms, challenges, philanthropic outlook and their vision for the future. The findings provide a strong starting point for further studies in the underexplored area of giving by domestic family businesses.

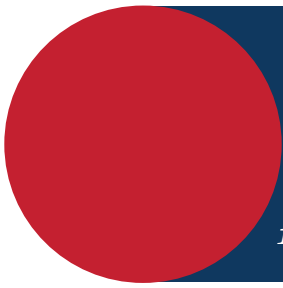
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1. Introduction

Philanthropy is a long-existing practice, with several countries and cultures having traditions of philanthropic giving since ages. Rapid economic growth, coupled with a substantial increase in private wealth over the past few decades, is among the most important factors that have paved the way for a strong philanthropic sector in India. Data from India shows that it is family firms that are more driven by non-economic utilities as compared to non-family firms.¹ Social initiatives of prominent Indian business families are now a part of the global philanthropic discourse. Recently, Jamshedji Tata was named as the biggest philanthropist of the past century in the EdelGive Hurun Report.² While the philanthropic activities of large business families receive a lot of attention, the scope of Indian philanthropy is broad and extends to much smaller family firms.

1.1 Research Area

This paper attempts to explore the giving practices of regional family businesses in Uttar Pradesh through detailed personal interviews of promoters.³ This section outlines the relevance of this topic and the approach of the study.

Domestic Family Firms: The obvious question regarding undertaking this research is why study the philanthropy of domestic family firms at all if the segment does not have a sizable philanthropic outlay? Family firms constitute 85 per cent of the total number of companies in India and contribute an ample share to the employment and domestic output.⁴ Community ties of such firms go deeper as compared to non-family firms or multinational corporates.⁵ Also, since business leaders in emerging markets are more directly exposed to dire social, educational, and health deprivation than their counterparts in developed countries, their efforts are more focused on delivering immediate benefits to these communities.⁶ Though the scale of their interventions may be limited, their efforts carry the potential to have a much faster and direct impact on the problems they choose to address.

The charitable sector is witnessing a transition from a broad range of funding to top-heavy philanthropy dominated by a small number of very wealthy individuals and foundations—a shift which may significantly jeopardise accountability and democracy in the philanthropic space.⁷ Less than 2 per

1 Edelweiss Campden Report, *The Family Wealth Report 2018: A Roadmap for the Indian Family Office*, 2018, 5–7. Available at <https://www.edelweissfin.com/wp-content/uploads/2020/03/RoadmapForTheIndianFamilyOffice-EPWM-Campden.pdf>, accessed in December 2020.

2 Hurun Report, *EdelGive Hurun Philanthropists of the Century*, 23 June 2021. Available at <https://hurun.net/en-US/Info/Detail?num=WAVNABGQMKW>, accessed in August, 2021.

3 For the purpose of this study, the term promoter refers to the founder and their direct descendants who have a leadership role in the family business. In case of the sampled firms, the interviewed promoters were either founders or their children/grandchildren.

4 Himani Chahal and Anil Sharma, 'Family Businesses in India: Performance, Challenges and Improvement Measures', *Journal of New Business Ventures* 1, nos 1–2 (June 2020): 9–30.

5 Martina Sageder, Christine Mitter, and Bridgit Feldbauer-Durstmüller, 'Image and Reputation of Family Firms: A Systematic Literature Review of the State of Research', *Review of Managerial Science* 12 (October 2016): 335–77. Available at <https://link.springer.com/article/10.1007/s11846-016-0216-x>, accessed in February, 2021.

6 Valeria Giacomini and Geoffrey Jones, 'Drivers of Philanthropic Foundations in Emerging Markets: Family, Values and Spirituality', *Journal of Business Ethics* (June 2021). Available at <https://doi.org/10.1007/s10551-021-04875-4>, accessed in May 2021.

7 Chuck Collins and Helen Flannery, *Gilded Giving 2020: How Wealth Inequality Distorts Philanthropy and Imperils Democracy*, Institute of Policy Studies, 2020, 3. Available at <https://inequality.org/wp-content/uploads/2020/07/Gilded-Giving-2020-July28-2020.pdf>, accessed in March 2021.

cent of global humanitarian funding goes directly to local NGOs.⁸ Although the role of large philanthropic foundations and global development programmes cannot be undermined, local, socioculturally rooted participatory approaches should not be overlooked either. Such approaches are far more relevant in a country like India that is diverse in every sense of the term. This is where domestic family firms can play a significant role. If organised well, their efforts could fill in the gaps that often exist in the massive development projects. Moreover, these efforts can be crucial in solving last mile issues.

The State of Uttar Pradesh: As per the National CSR (Corporate Social Responsibility) Portal, the total CSR inflow in UP in 2019–20 amounted to INR 570.99 crores. District-wise data reveals that while the largest funding was received by Gautam Buddha Nagar (122 Cr), the second- and third-largest chunks stood at 97 Cr and 22 Cr received by Hardoi and Mathura, respectively.⁹ The figures imply that the remaining CSR spending (approximately 330 Cr) was fairly diversified in terms of geographical locations and projects. It must be noted here that these figures pertain only to the spending mandated under the CSR Act. Overall philanthropic spending by organisations would be higher and may increase as businesses grow.

The approach of the current state government is favourable to industries.¹⁰ A study on correlations between charitable giving and stock market variations suggests that individual giving is more sensitive to economic upturns than downturns.¹¹ Given the government's pro-business stance, it would be interesting to see if increased business confidence impacts philanthropy in any way. Another important factor was the political and religious significance of this state. Religion and spirituality are known to shape the philanthropic outlook of Indian business owners.¹² UP could be a relevant area to explore in order to understand the influence a family's religious and political views may have on their philanthropy.

Owner's Perspective: Family businesses – and their philanthropic undertakings – are largely owner driven. Family Firm Philanthropy (FFP) is often viewed as a unifying means of expressing the family's ethical values and beliefs. Stronger transgenerational intentions within the business family have a direct impact on strengthening the scope of philanthropic engagement.¹³ It has been estimated that

8 Bibi Van der Zee, 'Less than 2% of Humanitarian Funds Go Directly to Local NGOs', *The Guardian*, October 16, 2015. Available at <https://www.theguardian.com/global-development-professionals-network/2015/oct/16/less-than-2-of-humanitarian-funds-go-directly-to-local>, accessed in January 2021 ngos#:~:text=Less%20than%20%25%20of%20all,deliver%2C%20according%20to%20aid%20insiders.

9 National CSR Portal – Uttar Pradesh (2019–20). Available at https://www.csr.gov.in/state.php?csr_pres_cat=&district=&mat=&compCat=&district=&year=FY%202019-20&csr_spent_range=&state=Uttar%20Pradesh, accessed in August 2021.

10 'UP Investors Summit Highlights 2018: MoUs Worth Rs. 4.8 trillion Signed on Day 1', *Livemint*, 21 February 2018. Available at <https://www.livemint.com/Politics/X1sKQBpjRFk52KCpwNswKJ/UP-investors-summit-LIVE-Narendra-Modi-inaugurates-today.html>, accessed in February 2021.

11 John A. List and Yana Peysakhovich, 'Charitable Donations Are More Responsive to Stock Market Booms than Busts', *Economic Letters* 110 (2011): 166–69. Available at <http://fieldexperiments-papers2.s3.amazonaws.com/papers/00473.pdf>, accessed in August, 2021.

12 Navneet Bhatnagar, Pramodita Sharma, and Kavil Ramachandran, 'Spirituality and Corporate Philanthropy in Indian Family Firms: An Exploratory Study', *Journal of Business Ethics* 163, no. 1 (2019): 715–28, Springer Nature B.V. Available at https://www.researchgate.net/publication/338054280_Spirituality_and_Corporate_Philanthropy_in_Indian_Family_Firms_An_Exploratory_Study, accessed in December 2020.

13 Thomas Zellweger, Melanie Richards, and Peter Englisch, 'Family Business Philanthropy: Creating Lasting Impact through Values and Legacy', *University of St. Gallen and EY Centre of Family Business Excellence*, 2016, 14–15. Available on [https://www.ey.com/Publication/vwLUAssets/ey-family-business-philanthropy/\\$FILE/ey-family-business-philanthropy.pdf](https://www.ey.com/Publication/vwLUAssets/ey-family-business-philanthropy/$FILE/ey-family-business-philanthropy.pdf), accessed in April, 2021.

56 per cent of family business owners personally oversee the progress of their philanthropic engagements. The percentage is higher for very large and small firms.¹⁴ These factors explain the need for developing a deeper understanding of the views and beliefs of owners in order to outline the philanthropic landscape of family firms in the region.

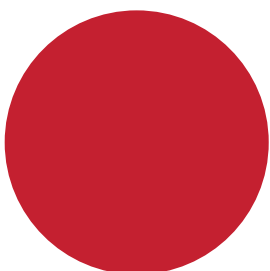
1.2 Aim and Objectives

The study was aimed at exploring the philanthropic outlook of family firms in Uttar Pradesh through their promoters. The focus was on getting answers to foundational questions pertaining to why they give and how they choose to give. The findings help in assessing the emerging landscape of family firm philanthropy besides acting as a starting point for further studies in the relatively unexplored area of philanthropy by regional businesses. Specific objectives are the following:

- To identify the mechanisms for philanthropic giving of each business
- To find out the causes/projects they choose to support and the reasons for making the choices
- To develop a more holistic understanding of the owner's philanthropic views and the factors that shape the same
- Based on the findings, to give possible projections pertaining to philanthropy in the state and make recommendations on better integration and utilisation of resources

1.3 Structure

This paper comprises seven sections. The first section explains the research area, the rationale for choosing the same, and states specific objectives. This is followed by a brief review of the literature that is thematically organised into three parts: global philanthropy, family firm philanthropy, and domestic giving in India. The third and fourth sections describe the conceptual framework and the approach and methods chosen for carrying out the research. The fifth section is a detailed report on findings of the study. The last two sections present the analysis of the findings and conclusions.



¹⁴ Zellweger et.al., *Family Business Philanthropy*, 40.

2. Review of Literature

2.1 Global Philanthropy

There has been a steep rise in global wealth in the past few decades. Studies show that corporations are more likely to give when stock markets are up and better economic stability is indicated.¹⁵ Therefore, the substantial increase in philanthropic giving around the world is not unexpected.¹⁶ This newly generated wealth is highly concentrated, leading to an intensification of already existing social and economic disparities around the world. While almost all philanthropic efforts by wealth holders are driven by a sense of moral duty and social responsibility, there is also the belief that if existing inequalities become too acute, they may threaten the peace, stability, and the free enterprise system that created such wealth in the first place.¹⁷

More wealth holders are establishing formal philanthropic structures to strategically deploy capital for social good. As per the Global Philanthropy Report 2018, the assets of philanthropic foundations identified in 23 countries and Hong Kong were worth close to USD 1.5 trillion. The report states that the actual amounts are much higher as the investigation included only a certain number of philanthropic institutions within the subject countries.¹⁸

A McKinsey article indicates the rapid growth exhibited by institutional philanthropy in the past few years, particularly outside the traditional centres of Europe and North America. The article highlights the following facts that point towards this trend:¹⁹

- Family-owned businesses established six foundations in the United Arab Emirates and three in Saudi Arabia, each with an endowment of at least USD 1 billion.
- As of 2012, over 70 per cent of the donors had less than three years of grant-making experience in India.
- A private company announced the formation of China's largest foundation (USD 3 billion).
- Almost half of Brazil's foundations were registered after 1999.

All these figures signal a vertical growth in institutional philanthropic giving in emerging-market economies. This also suggests that the sector is not only growing, but also evolving at a very fast pace. Experts talk about a third philanthropic revolution wherein the most eminent trends include the rise of mega donors on one hand and the democratisation of giving (rise in smaller, even individual, donations) on the other.²⁰

15 Charitable Giving Statistics – National Philanthropic Trust. Available at <https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/>, accessed in May 2021.

16 Andy Ware, 'The Outlook for Charitable Giving, IUPUI Lilly Family School of Philanthropy', 2021. Available at <https://blog.philanthropy.iupui.edu/2021/02/19/the-outlook-for-charitable-giving/>, accessed in August 2021.

17 Paula D. Johnson, Global Philanthropy Report – Perspectives on the Global Foundation Sector, Harvard Kennedy School of Government and The Hauser Institute for Civil Society, 2018. Available at https://cpl.hks.harvard.edu/files/cpl/files/global_philanthropy_report_final_april_2018.pdf, accessed in February 2021.

18 Johnson, Global Philanthropy Report, 16–32.

19. Naina Dhir, Doug Scott, and Lynn Taliento, Gaining Strength through Philanthropy: How Emerging-Market Families Can Make a Difference, McKinsey & Company, 2014, 38–42. Available at <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/gaining-strength-through-philanthropy-how-emerging-market-families-can-make-a-difference>, accessed in February 2021.

20 Peter Vogel, Trends in Family Philanthropy: A 3rd Philanthropic Revolution is Fully Underway, IMD Global Family Business Centre, 2018. Available at <https://www.imd.org/research-knowledge/articles/trends-in-family-philanthropy/>, accessed in June 2021.

For a long time, the economic and social objectives of businesses were viewed in isolation. However, Porter and Kramer regard this as a false dichotomy representing an obsolete perspective in a world of open, knowledge-based competition. They suggest corporations should use their charitable efforts to improve their *competitive context*, that is, the quality of the business environment in the location or locations in which they operate. Using philanthropy to enhance context brings social and economic goals into alignment and improves a company's long-term business prospects.²¹ In fact, philanthropic initiatives are now becoming a part of corporate strategies that have the potential to achieve measurable outcomes in terms of competitive advantage, financial returns, and reputation enhancement.²²

2.2 Family Firm Philanthropy (FFP)²³

Institutional or corporate philanthropy becomes even more pertinent when family businesses are involved. Based on a comprehensive literature review of 55 sources, published between 1988 and 2014, it was found that family firms have three-pronged motives to engage in philanthropy: family oriented, business oriented, and dual motives.²⁴ The desire for instilling values, strengthening family ties, and promoting knowledge and leadership have emerged as important reasons to engage in philanthropy. Some families use philanthropic platforms to develop leadership and management capabilities before the next generation takes on leadership roles in the business.²⁵

Moreover, philanthropy can be a powerful tool for enhancing a company's reputation. This is especially important in developing countries given the socio-economic inequalities and inadequacy of quality education and healthcare in most cases. Philanthropic efforts can also generate financial value for the family's business by improving talent attraction, morale, and retention; facilitating new-market entry; gaining knowledge of local consumer needs; and improving relations with local governments and regulators.²⁶

It has been observed that FFP increases reputational benefits, and family businesses enjoy a better reputation than non-family businesses.²⁷ Studies also confirm that philanthropy deepens family ties and improves the performance and health of family-owned businesses.²⁸

Another factor that makes philanthropy valuable to a family firm is succession. Bennedsen and Fan suggest that the most important assets for many family firms are the founders themselves. The success of a family firm typically hinges on the founder's (or family members') specialised, intangible

21 Michael E. Porter and Mark R. Kramer, 'The Competitive Advantage of Corporate Philanthropy', *Harvard Business Review*, December 2002. Available at <https://hbr.org/2002/12/the-competitive-advantage-of-corporate-philanthropy>, accessed January 2021.

22 David Hess, Nikolai Rogovsky, and Thomas W. Dunfee, 'The Next Wave of Corporate Community Involvement: Corporate Social Initiatives', *California Management Review* 44, no. 2 (2002): 110–25. Available at <https://africanphilanthropy.issuelab.org/resources/20107/20107.pdf>, accessed in May 2021.

23 For the purpose of this study, FFP is defined as the voluntary donation of resources, time and/or expertise by the promoting family (through the firm or individually) to social causes that appeal to them. This form of giving is primarily driven by the founders or their immediate family members. Decisions like the choice of projects, location, implementation partners, and donations to external agencies are taken directly by the family.

24 Neus Feliu and Isabel C. Botero, 'Philanthropy in Family Enterprises: A Review of Literature', *Family Business Review* 29, no.1 (2016): 121–41. Available at <https://journals.sagepub.com/doi/pdf/10.1177/0894486515610962>, accessed in January 2021.

25 UBS-INSEAD Study on Family Philanthropy in Asia, 2011. Available at <http://gife.issuelab.org/resources/15222/15222.pdf>, accessed in February 2021.

26 Edelweiss Campden, *The Family Wealth Report*, 5–7.

27 David L. Deephouse and Peter Jaskiewicz, 'Do Family Firms Have Better Reputations Than Non-Family Firms? An Integration of Socioemotional Wealth and Social Identity Theories', *Journal of Management Studies* 50, no.3 (May 2013): 38–42, 39. Available at https://www.rsearchgate.net/publication/256059386_Do_Family_Firms_Have_Better_Reputations_Than_Non-Family_Firms_An_Integration_of_Socioemotional_Wealth_and_Social_Identity_Theories, accessed in March 2021.

28 Dhingra et.al., *Gaining Strength*, 39.

assets. When succession occurs, the values of specialised assets often dissipate because the founder fades out of the firm.²⁹

Burkart and colleagues also discuss that the biggest challenge for family firms is succession, particularly inter-generational succession.³⁰ From a social outreach perspective, it was discovered that:

- (a) Family firms with succession engage in more corporate philanthropy than those without succession.
- (b) A family firm's level of corporate philanthropy is positively correlated with its future performance due to better preservation of the value of specialised assets.³¹

The mentioned points are in line with the findings of the EY Report on FFP cited earlier which suggests that stronger transgenerational intentions lead to stronger philanthropic engagement.

The positive impact of philanthropy in family businesses is not limited to large corporations. A study of 130 small- and medium-sized firms in northern Italy revealed that family ownership increases the propensity to engage in philanthropy. The family aims for longevity and continuity of business. Indeed, family owners invest money and efforts in their business, seeking to build a good reputation. They regard firm philanthropy as a means of being better stewards in their community.³²

2.3. Philanthropy in India

Philanthropic literature pertaining to India is also mostly centred on the works of large corporations, international agencies, and giving by high-net-worth individuals (HNWIs). While charitable giving by wealthy individuals, families, and businesses is not a new concept in India, the novelty lies in the mechanisms through which philanthropy is carried out. Given the economic growth and rise in private wealth the country has witnessed, the scale and scope of philanthropic activities is also much larger.

The intergenerational transfer of wealth is expected to be unprecedented all over the world in the coming years. India would not be an exception to this trend. According to the Hurun India Rich List, 2019, there were 953 individuals with a net worth of Rs 1,000 crore or more. Approximately, 53 per cent of the total wealth on the list is inherited and will most likely be passed on to family members.³³

As per the Family Wealth Report 2018, a near universal number of the families surveyed (95 per cent) gave philanthropically. Qualitative data revealed that the desire to reduce poverty in India was very

²⁹ Morten Bennedsen and Joseph P.H. Fan, *The Family Business Map*; in *The Family Business Map* (London: INSEAD Business Press, Palgrave Macmillan), as cited in Yue Pan, Ruoyu Weng, Nianhang Xu, and Kam C. Chan, 'The Role of Corporate Philanthropy in Family Firm Succession: A Social Outreach Perspective', *Journal of Banking and Finance* 88, (March 2018): 423–41. Available at <http://www.rmbs.ruc.edu.cn/uploadfile/2019/0415/20190415115106538.pdf>, accessed in April 2021.

³⁰ Mike Burkart, Fausto Panuzi, Andrei Shleifer, 'Family Firms', *The Journal of Finance* 58, no.5 (September 2003): 2167–201, as cited in Pan et.al., 'Role of Corporate Philanthropy'.

³¹ Yue Pan, Ruoyu Weng, Nianhang Xu, and Kam C. Chan, 'The Role of Corporate Philanthropy in Family Firm Succession: A Social Outreach Perspective', *Journal of Banking and Finance* 88, (March, 2018): 423–41. Available at <http://www.rmbs.ruc.edu.cn/uploadfile/2019/0415/20190415115106538.pdf>, accessed in February 2021.

³² Giovanna Campopiano, Alfredo De Massis, and Francesco Chirico, 'Firm Philanthropy in Small- and Medium-Sized Family Firms: The Effects of Family Involvement in Ownership and Management', *Family Business Review* 27, no. 3 (July 2014): 244–58. Available at https://www.researchgate.net/profile/Francesco_Chirico/publication/275431058_Firm_Philanthropy_in_Small_and_Medium-Sized_Family_Firms/links/556f120308aeab7772282a9c.pdf, accessed in February 2021.

³³ Pushpa Sundar, 'Philanthropy Planning: How India's Super-Rich Are Seeking Professional Help to Give It Back to Society', *Business Today* (Online), 13 February 2020. Available at <https://www.businesstoday.in/opinion/columns/philanthropy-planning-indias-wealthy-individuals-rich-people-professional-help-for-society/story/396091.html>, accessed in February 2021.

strong and discussed passionately by all interviewees.³⁴

There are three primary sources of philanthropic funding in India: Official Development Assistance (ODA), international funding, and domestic philanthropy. Philanthropic funding grew from INR 12.5k crore in 2010 to INR 55K crore in 2018, with the share of individual contributions growing from 26 per cent to 60 per cent of total private funding.³⁵ However, an accurate quantification of domestic philanthropy remains challenging, with some estimates placing it as high as USD 10 billion as of 2018.³⁶

Economic growth alone won't be enough to achieve India's development goals. The India Philanthropy Report 2019 suggests that private philanthropy could be particularly helpful in two ways:

- It could act as a catalyst to increase government spending and cover the funding shortfall.
- It can help in ensuring timely and effective fund deployment, with greater accountability and monitoring.

The report also adds that in order to maximise the impact of each rupee, private philanthropy should collaborate with the largest funder and scaling partner in the landscape: the government. While few examples exist of such a partnership, there is a strong case for private philanthropists to partner with the government to achieve results that would otherwise have been impossible for them to achieve as individual players. This also frees risk capital that private philanthropists can invest in the next catalytic venture.³⁷

Need for a well-planned approach: Family businesses around the world are developing an interest in social-impact investing and effective giving. Experts are emphasising the need to adopt a more professional approach to philanthropy. This even includes having a clearly planned exit strategy in place.³⁸ Despite the growing interest in effective giving, family businesses around the world (with the exception of very large professionalised corporations that work with the government) tend to be centred on the immediate community and focus on traditional areas like education and health.^{39,40}

A similar trend of regional concentration of philanthropic funds is observed in India where 60 per cent of estimated domestic funding was in the states of Maharashtra, Karnataka, and Andhra Pradesh. There was a concentration in sectoral preferences as well, with allocations being disproportionately large for sectors like education, health, and rural development while areas like gender equality received less than 1 per cent funding.⁴¹ The issue of regional concentration can be understood from the fact that FFP in India tends to focus on the village/town/city from where the patrons started their

34 Edelweiss-Campden, *The Family Wealth Report*, 33.

35 Dinkar Ayilavarapu, Arpan Sheth, Deval Sanghvi, and Sonvi Khanna, *India Philanthropy Report 2020: Investing in India's Most Vulnerable to Advance 2030 Agenda to Action*, Bain and Co., 2020: 02. Available at https://www.dasra.org/assets/uploads/resources/India_Philanthropy_Report.pdf, accessed in January, 2021.

36 OECD (Organisation for Economic Co-operation and Development), *India's Private Giving: Unpacking Domestic Philanthropy and Corporate Social Responsibility*, OECD Development Centre, Paris, 2019, 16. Available at http://www.oecd.org/development/philanthropy-centre/researchprojects/OECD_India_Private_Giving_2019.pdf, accessed in March 2021.

37 Anant Bhagwati, Arpan Sheth, Deval Sanghvi, and Srikrishnan Srinivasan, *India Philanthropy Report 2019: Embracing the Field Approach to Achieve India's Sustainable Development Goals*, Bain & Co., 7 March 2019. Available at <https://www.bain.com/insights/india-philanthropy-report-2019/>, accessed in December 2020.

38 Bill Noye, 'How Can Philanthropy Benefit Your Family Business', KPMG Insights. Available at <https://home.kpmg/xx/en/home/insights/2016/08/how-can-philanthropy-benefit-family-business.html>, accessed in February 2021.

39 Zellweger et al., 'Family Business Philanthropy'.

40 Johnson, *Global Philanthropy Report*.

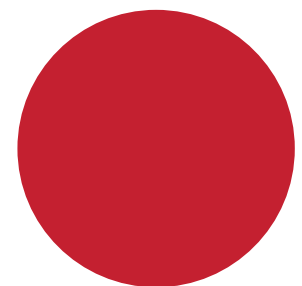
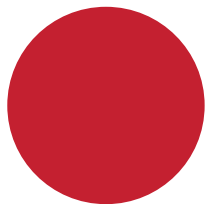
41 OECD, *India's Private Giving*.

journey and the community thereof.⁴²

The mentioned figures point towards the need for a more holistic (and systematic) approach to philanthropic giving. Academicians suggest that the change is manifesting with a kind of family-corporate *jugalbandi* gaining traction in India. It is explained as a scenario that combines the best of both cases – the promoter’s passion for a cause and the systematised implementation of their ideas by experts.⁴³

As per the Global Philanthropy Report, 90 per cent of philanthropic institutions identified were independent/family foundations. The fact specifically relevant to this research was that most of these foundations were rather small. Of a set of 94,988 foundations in 14 countries and Hong Kong, 90 per cent had assets worth less than USD 10 million and 59 per cent of them reported assets of less than USD 1 million. The study clearly indicates that the work of such organisations may largely be unknown.⁴⁴

It is yet to be seen how mid-size and regional businesses approach philanthropy. It is a fact that these businesses do not have massive resources to allocate to social causes. However, this does not mean they do not have a role to play in India’s development story. Experts have been advocating for development efforts to be more rooted in communities. The significance of locally led development becomes particularly important today, as an increasing number of governments across the world express concerns about the influence of foreign aid.⁴⁵ This is where relatively small, regional businesses led by families can play an instrumental part.



⁴² Sonu Bhasin, ‘Philanthropy in India Focuses on One’s Roots, Progresses to the Community, and Usually Remains Low-key’, *The Economic Times E-Paper*, 26 February 2019. Available at <https://economictimes.indiatimes.com/news/company/corporate-trends/philanthropy-in-india-focuses-on-ones-roots-progresses-to-the-community-and-usually-remains-low-key/articleshow/68161607.cms>, accessed in June 2021.

⁴³ K. Ramachandran, and Rachna Jha, ‘Family and Corporate Philanthropy: Emerging Trends in India’, *ISB Insight* (Autumn 09): 5–9. Available at <https://newsletters.isb.edu/FamilyBusiness-Newsletter/File/FamilyCorporatePhilanthropy.pdf>, accessed in December 2020.

⁴⁴ Johnson, *Global Philanthropy Report*, 19.

⁴⁵ ICNL (International Center for Not-for-Profit Law) *Survey of Trends Affecting the Civil Space 2016*, as cited in Dana R.H. Doan, *What Is Community Philanthropy? A Guide to Understanding and Applying Community Philanthropy*, Global Fund for Community Foundations, South Africa, 04. Available at <https://globalfundcommunityfoundations.org/wp-content/uploads/2019/08/WhatIsCommunityPhilanthropy.pdf>, accessed in June 2021.

3. Conceptual Framework

The literature reviewed for this research indicates that corporate philanthropy in general improves competitive context, strengthens goodwill, and positively impacts employee morale and retention. It has also been revealed that philanthropy is now viewed as a part of corporate strategy rather than an isolated, after-profit activity. While the desire to do good is a major driver of corporate philanthropy, it is also heavily influenced by global market forces, peer pressure, increasing demands for business accountability, and the indispensable requirement for proactive reputation building. The same is represented in Figure 1:

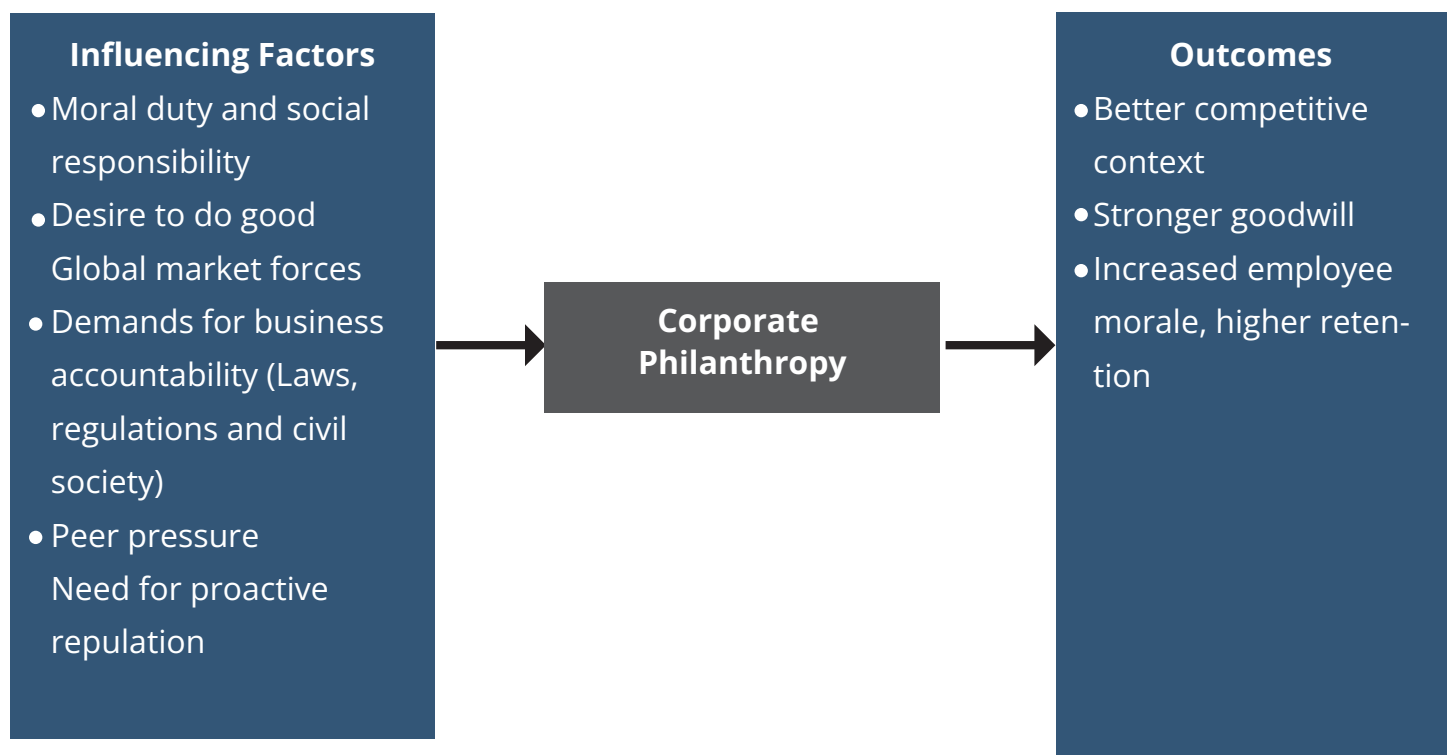


Figure 1: Influencing Factors and Outcomes for Corporate Philanthropy

Literature pertaining to family firms in particular indicates that such firms are more inclined towards philanthropic undertakings than non-family firms but their approaches differ. Figure 2 shows the drivers and outcomes (specific to family firms) for FFP:

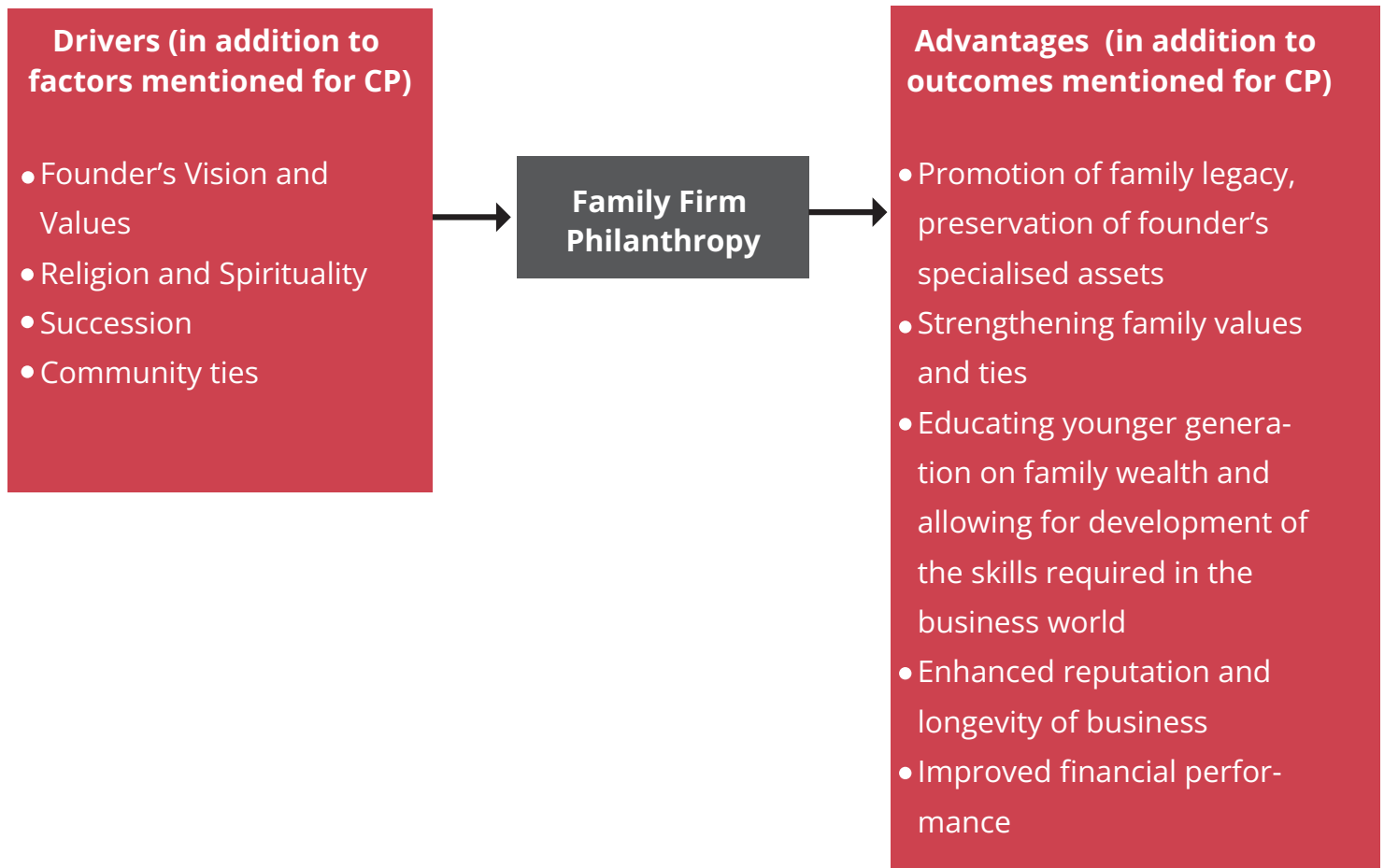


Figure 2: Drivers and Advantages of Family Firm, Philanthropy

Note: The list of drivers for corporate philanthropy as well as FFP is not exhaustive. It is based on the literature reviewed by the author (specifically publications cited in Section 2.2) and is meant for guiding the analysis of this particular paper.

The gap that exists in the extensive body of work on family philanthropy pertains to knowledge on small- and medium-sized family businesses. Therefore, this study was structured around what is already known about the philanthropic activities of large family firms and explores how far it applies to medium-sized businesses controlled by families. How and why do they engage in philanthropy? What kind of impact are they making or intend to make? What challenges do they face and how do they plan to progress in the philanthropic domain as their businesses grow?

4. Methodology

The chosen topic called for an exploratory approach. The study follows a multiple case-study design and is primarily based on semi-structured interviews of 19 business owners from Uttar Pradesh.

Sampling

Given the geographical vastness of the state, stratified-convenience sampling was applied to finalise family firms for the interviews. It was ensured that a minimum of five firms were included from the eastern, central, and western parts of the state to allow for adequate representation of each region. The following aspects were taken into consideration while choosing the organisations:

- The business should have either had an annual turnover of INR 100 Cr or more or an annual philanthropic outlay of INR 20 lakhs or more.
- The business should have been headed by the founder's descendant (*if the founder was still heading the firm, at least one descendant should also have been actively involved in business*).
- Willingness and availability of promoting family members for a detailed interview.

The researcher also made an effort to focus on mid-level organisations (15 firms below 1,000 Cr turnover) and choose organisations from different districts (19 organisations from 12 districts).

Secondary Data Sources:

Basic information about various organisations was gathered from the documents available in the public domain, for example, annual reports, websites, and news articles, in order to identify firms that fulfilled the requirements of the proposed study.

Primary Data Collection:

As mentioned earlier, the primary data for this study comprised semi-structured interviews with a promoter of the finalised firms (Annexure I: Interview Structure).

Coding

The data generated from the interviews was qualitative. Subjective responses were required to be coded in order to arrive at conclusions. The cluster coding method was applied for each thematic segment separately. The first step involved isolating statements pertaining to that segment and assigning open codes. The second step was to consolidate open codes into aggregate themes. The process was repeated for each subjective theme. The same is explained with an example in Table 1.

Sample Quote	Open Code	Aggregate Theme
'I don't believe in giving some cash to a person when they are in need. It breaks their confidence. The goal of helping someone should be to enable them to a point where they no longer need the help.' Suryakant Jalan, Chairman, Dindayal Jalan Textiles, Varanasi	Empowerment	Impact
'We developed an apparatus which can be installed on any bicycle or motorbike ... we call it tea on wheels. Any tea you can think of – chamomile with honey, cinnamon with jaggery ... it is all there. We also give them uniforms, gloves, masks. There is a hot case for snacks. All on a bicycle. It allows these people to earn a living in a dignified way.... This can be introduced anywhere ... so many people can benefit from it.' Puran Dawar, CMD, Dawar Group	Innovation and scalability	
'Anything we do should be measurable. I think that's the advantage of businesses doing it. Like we see how many of our kids went into mainstream education, what happened to them. How many generated income. When it's board reporting, it's all numbers. Otherwise, it's very loose.' Ved Krishna, Vice Chairman, Yash Pakka, Ayodhya	Measurability	
'There is a dire need and you help, that is one thing. But a proper reform requires planning, research and management. I am working towards adopting four villages ... this is what the Gandhian ideas of swavlamban and gram swaraj are. And it is very doable.' Ravi Patodia, MD, Patodia Exports, Bhadohi	Transformation	
'The most important factor is the difference it would make to a person's life.' Kiron Chopra, CMD, Chopra Retec., Lucknow '...some of these children are now working with us. We can actually see how their lives have changed.' Amrita Kumar, Director, Dayal Group, Meerut	Change at an individual level	
'There is no need for NGOs actually. We don't want all that. We don't have a foundation. Just a team and they do the work.' Ashish Khandelwal, MD, B.L. Agro, Bareilly	Preference for direct implementation	Trust
'If it is associated with the government or local administration, it becomes very easy for us. We know the money is going in right hands.' Sudeep Goenka, Director, Goldiee Group, Kanpur The project is being run by RSS and is headed by Dr. Krishna Gopal ji. Very senior doctors from hospitals like Max or Yatharth go there and see patients, do surgeries- all free of cost. If such people are contributing so much time and energy, it means a lot.' Rohit Agarwal, Director, Rimjhim Ispat, Kanpur	Confidence in authorities, nodal person and/or other members	
'Once some NGO workers came to me for donations. They were working for homeless people. I said send them all to my ashram – no matter how many people, we will take them all in. But they didn't agree. They only wanted me to donate. How do you justify that?' Keshav Jalan, Chairman, Jalan Synthetics	Doubts over external agencies	
'We don't want to go for any big NGOs. You give the money but you don't really know if it reached the poor.' Amit Kapoor, MD, Neeru Menthol, Rampur		

Table 1: Coding Process

5. Findings

Of the 19 firms covered in the study, nine were still headed by founders (the founder held the position of the chairman or managing director), while the remaining 10 were headed by a descendant (founder's son in all cases). All the firms covered had two or more family members on the board. The average age of the businesses covered was 51 years, while the median age was 45 years. The table below gives basic details:

Organisation	Interviewee	Approx. turnover (2019–20)	Approx. philanthropic outlay	Remarks
EASTERN UP (Ayodhya, Bhadohi, Gorakhpur, Varanasi)		In INR Crores	In INR Crores	
Jalan Synthetics Pvt Ltd	Keshav Jalan	216	Not disclosed	No fixed budget
Dindayal Jalan Textiles Pvt Ltd	Suryakant Jalan	500	05	1% of turnover
Ganga Group (One of the five group companies listed)	R.K. Chaudhry	1000*	Not disclosed	2–10% of group profits
Banaras Beads Ltd- Listed	Ashok Kumar Gupta	50*	0.4	10% of group profits
Patodia Exports Pvt Ltd.	Ravi Patodia	50	Not disclosed	No fixed budget
Yash Pakka Ltd- Listed	Ved Krishna	260	05	5% of anticipated profits
Aishhpra Gems & Jewels Pvt Ltd	Saumitra Saraf	600	0.8	2% of profits
CENTRAL UP (Kanpur, Lucknow)				
Rimjhim Ispat Ltd	Rohit Agarwal	4500*	02	2% of profits
C.P. Milk & Food Products Pvt Ltd (Gyan Dairy)	Jai Agarwal	908	12.0	No rigid figure
Chopra Retec Rubber Products Ltd	Kiron Chopra	Not disclosed	Not disclosed	5–6% of profits
PTC Industries Ltd- Listed	Smita Agarwal	168	0.2	2% of profits
Technical Associates Ltd	Vinamra Agarwal	300	Not disclosed	2% of profits
Shubham Goldiee Masale Pvt Ltd	Sudeep Goenka	1200	Not disclosed	2% of profits
WESTERN UP (Agra, Bareilly, Ghaziabad, Meerut, Noida, Rampur)				
Ambica Steels Ltd	C.P. Gupta	720	0.8	2% of profits
Dayal Group	Ankita Kumar	Not disclosed	Not disclosed	2% of profits
Dawar Group	Puran Dawar	160	Not disclosed	No fixed budget
B.L. Agro Industries Ltd	Ashish Khandelwal	2500	3.5	2% of profits
Neeru Menthol Pvt Ltd	Amit Kapoor	500	0.7	2% of profits
Jackson Group	Soraya Rebello*	2500	Not disclosed	2% of profits
	*VP- CSR (on behalf of Sameer Gupta, CMD)	* Combined turnover of all group companies		

Table 1: Details of the firms included in the study

Combined philanthropic budget: There were 12 interviewees who gave an approximate annual outlay for philanthropy. The collective figure for these 12 firms was 31.5 Cr. It must be noted that at the request of three of these firms, their philanthropic budget is not being disclosed in the paper. Seven interviewees did not give any financial information but discussed their philanthropic undertakings in detail. Five of these seven firms mentioned going beyond the mandated 2 per cent CSR spend.

It should be noted that these figures pertain to the family's philanthropic initiatives and not the mandatory CSR activities. The information disclosed by a few firms on the official Corporate Social Responsibility (CSR) portal of Ministry of Corporate Affairs (MCA) is not congruous with the figures mentioned in the interviews. While some firms did not fall under the purview of the Act, reporting by those which did was mostly incomplete and did not reflect the full outlay mentioned during interviews.

The findings are presented under four sub-sections: Mechanism and Focus Areas; Considerations; Drivers and Influencing Factors; Views and Projections. While the first and last sections have been prepared directly from the responses, coding was applied to arrive at findings presented in the second and third sections.

5.1 Mechanism and Focus Areas

There were eight organisations that had a formalised family trust or foundation. Three foundations had been instituted before the CSR Act was passed (Banaras Beads 1991, Dawar Group 1998, Yash Pakka 2006), while five were set up later (Jakson Group, PTC Industries, Technical Associates, Gyan Dairy, and Neeru Menthol).

Besides the three older organisations, three others had been involved in some form of structured giving before the Act (Jalan Synthetics and Dindayal Jalan Textiles—formerly Jalans, Gyan Dairy, Dayal Group, Patodia Exports, and Ambica Steels). This was either in the form of self-initiated projects or regular donations and involvement in causes through other organisations. Another five interviewees mentioned personal giving and need-based support but those efforts weren't organised or documented.

Separate CSR teams managed initiatives of four organisations (B.L. Agro, Jakson Group, Dawar Group, and Yash Pakka). Dayal Group had recently hired a resource (in early 2021) as they planned to scale up their activities. In some cases, the interviewee did not mention having an exclusive CSR team but they had people to implement specific initiatives. For instance, Gyan Dairy had their own veterinary doctors who went to the villages as a part of their extension services; Aishpra Gems & Jewels had drivers and workers dedicated for their plantation drives (daily watering, safeguarding, etc.). In the case of Jalan Synthetics, one of the company directors (not a family member) devoted most of his time to their social initiatives.

Table 3 captures the initiatives undertaken (or continued) by firms in the last few years, along with mechanisms of involvement. It must be noted that these are only those initiatives that were mentioned during interviews. It is possible that organisations supported more initiatives but as they were not major focus areas, they were not mentioned during the discussion. Most firms mobilised their funds in one or a combination of the following ways:

1. Self-initiated and self-managed (through own trust/employees, sometimes in collaboration with administration/volunteer groups/implementation partner)
2. Channelised through external organisations but with a high level of funding and involvement
3. Supporting with significant donations
4. Supporting with donations
5. Integrated with business (These initiatives are a part of the primary business but they have been designed to benefit the target group as well.)

The superscript against each firm indicates the manner in which the firm supported the cause.

EDUCATION	HEALTHCARE	COVID RELIEF
<i>Education for underprivileged children</i> Dawar Group ¹ – also support professional education if admission is through merit, Yash Pakka ¹ , Jakson Group ¹ , Chopra Retec ³ , Neeru Menthol ⁴ , Dayal Group ⁴ , Patodia Exports ⁴ , B.L. Agro (personal giving)	<i>Free/subsidised consultations and medicines</i> Ambica Steels, ¹ Jalan Synthetics, ² Rimjhim Ispat ³ – support to charitable hospitals	<i>Free oxygen supply</i> Rimjhim Ispat ¹
<i>Free residential schools/colleges</i> Dindayal Jalan Textiles, ² Rimjhim Ispat ³	<i>Funding treatment for critically ill patients</i> Chopra Retec, ¹ Aishpra Gems, and Jewels ¹	<i>Setting up of oxygen plant</i> Goldiee Group, ¹ Ganga Group ¹
<i>Special education</i> Rimjhim Ispat – paying salaries at a blind school	<i>Setting up of hospitals/institutes</i> Dayal Group; ¹ Gyan Dairy; ¹ – Modern Medicine and Banaras Beads ² – Naturopathy (both in initial phase)	<i>Support to hospitals</i> Jalan Synthetics, ¹ Technical Associates, ⁴ Patodia Exports ⁴
<i>Strengthening government schools and colleges</i> Aishpra Gems & Jewels, ¹ Rimjhim Ispat ¹ and Goldiee Group ¹ – Infrastructure; Technical Associates ⁴ – Innovations for better learning	<i>Infrastructure</i> Goldiee Group – OPD for IMA, Kanpur where doctors volunteer their time	<i>Food distribution</i> Dawar Footwear ¹ (10,000 meals/day) – other organisations including overseas clients also contributed to their trust Jalan Group ¹ (8000 meals/day) Ambica Steels ¹ (700 meals/day)
<i>Interest-free loans for higher education</i> Banaras Beads ²	<i>Health camps</i> Dindayal Jalan Textiles ¹ – Epilepsy, Goldiee Group ¹ – Eye camps	<i>Animal kitchen for stray animals</i> Jalan Synthetics ¹
<i>Scholarships/endowments in reputed institutions</i> Technical Associates	<i>Alternative healthcare and yoga</i> Banaras Beads ² – Ashram in Rishikesh	<i>Distribution of essential commodities including dry ration, masks, sanitizers, etc.</i> Jakson Group, ¹ PTC Industries, ¹ Dayal Group, ¹ Goldiee Group, ¹ Ganga Group, ¹ Patodia Exports ⁴
	<i>Mental health</i> Dayal Group ¹ – Recent focus, started with workshops and sessions on mental health	

<p>Setting up of private schools Gyan Dairy,¹ PTC Industries¹ – <i>under progress</i></p> <p>Sports Jalan Synthetics¹ – <i>Sports hostel for prodigious players from underprivileged backgrounds</i></p> <p>Rimjhim Ispat¹ – <i>Full sponsorship, including overseas training, for state level table-tennis player</i></p> <p>Yash Pakka⁴ – <i>Support to organisation working on imparting life skills through sports training</i></p>	<p>among youth</p> <p>Yash Pakka⁴ – <i>Annual donation and visit to Mumbai-based organisation working with juveniles</i></p>	
<p>SERVICE</p> <p>Free/subsidised meals Dawar Group,¹ Dindayal Jalan Textiles,¹ Ambica Steels¹</p> <p>Care and rehabilitation of the sick and homeless Jalan Synthetics²</p> <p>Last rites of all unclaimed bodies in the district Jalan Synthetics¹</p> <p>Cow shelters B.L. Agro¹, Dindayal Jalan Textiles² – <i>also doing research and breeding</i></p> <p>Support to orphanages and/or old age homes Neeru Menthol,⁴ Patodia Exports⁴</p>	<p>SKILLING AND LIVELIHOOD</p> <p>Training and facilitation for employment of youth Ambica Steels,¹ Yash Pakka,¹ PTC Industries¹</p> <p>Facilitating self-employment Dawar Group,¹ Patodia Exports,¹ Aishpra Gems¹</p> <p>Skilling and livelihood for women Yash Pakka,^{1&5} Dindayal Jalan Textiles,⁵ Jalan Synthetics⁵</p> <p>Centre of Excellence for Skilling Jakson Group¹ – <i>Initial phase</i></p>	<p>SUSTAINABILITY, ENVIRONMENT, PLANTATIONS</p> <p>Revival and development of areas Dindayal Jalan Textiles² – <i>Afforestation & farming in difficult rocky areas</i> Yash Pakka¹ – <i>Initiating work on 70 ponds in villages and development of spaces around them</i></p> <p>Air quality management B.L. Agro¹ – <i>Installation of air pollution controllers</i></p> <p>Tree plantation and maintenance B.L. Agro¹ – <i>1.5 lakh trees planted in last three years</i> Aishpra Gems & Jewels¹</p> <p>Waste management and cleaning drives in urban areas Jakson Group¹, Yash Pakka – <i>Taken up in the past, may be taken up again</i></p> <p><i>Focus on environmentally conducive agriculture</i> Dayal Group⁵</p>

INFRASTRUCTURE	EXTENSION SERVICES AND RURAL DEVELOPMENT	EMPLOYEE FOCUS
<p><i>Maintenance of public infrastructure/- services</i> B.L Agro¹ – Roads, Ganga Group² – Private traffic personnel</p> <p><i>Infrastructure for local police</i> B.L. Agro¹ – Residential, Goldiee Group¹- Mess</p> <p><i>Setting up community spaces</i> Gyan Dairy¹, Ganga Group²</p> <p><i>Low-cost food and lodging</i> Banaras Beads¹</p>	<p><i>Farmer training and support</i> Gyan Dairy,⁵ Dayal Group⁵</p> <p><i>Village adoption</i> Patodia Exports – Initial phase, research firm was hired to design the project</p>	<p><i>No layoffs or salary deductions during Covid</i> Goldiee Group, Jalan Synthetics, Chopra Retec</p> <p><i>Free/subsidised education for children of employees</i> Chopra Retec,¹ Dawar Group,¹ Rimjhim Ispat¹</p> <p><i>Financial support for health emergencies, weddings, children's education on easy repayment terms</i> PTC Industries, Patodia Exports, Dindayal Jalan Textiles – One-time substantial cash gift for own or children's wedding</p>

Table 3: Focus Areas, Initiatives, and Supported Projects

The information in Table 3 is summarised as follows:

- **Education** was the area witnessing maximum involvement, with a total of fifteen organisations engaging in different causes. Another fact that came up during the interviews was that in most cases, education was almost a natural first choice for organisations when they began structured giving.
- **Healthcare**, along with **skilling and livelihood**, had the second-highest engagement, with nine organisations being involved in each area. This is in line with existing literature showing the highest chunks of funding going to education followed by healthcare.
- **Service** emerged as the third favoured area with seven organisations involved in different ways. For four of these organisations, service projects were their primary focus area, rather than areas where they donated passively.
- **Environment** had the involvement of five organisations. For four of these organisations, it was a major focus area and they planned to increase their involvement in the future as well. One more organisation– currently not involved with environmental projects – planned to venture into this segment in the future.
- **COVID-19** was an unforeseen event and each organisation responded to it in the best way they could. The organisations and initiatives mentioned in the table are not exhaustive. The table merely indicates the activities mentioned during interviews.

Business Approach: Besides specific philanthropic or CSR initiatives, many organisations discussed having an in-built way of conducting business which was centred on fair practices, employee well-being, environmental sustainability, and livelihood creation. Let us look at how the companies approached these aspects:

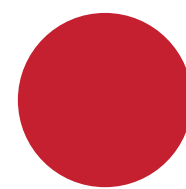
- **Employee well-being:** Five out of the six firms that discussed employee well-being also mentioned very low attrition. These firms were Goldiee Group—less than 1 per cent—Dayal Group, Jalan Synthetics, Dindayal Jalan Textiles, and Chopra Retec. Gyan Dairy did not make a direct reference to low attrition but discussed having a work culture that was built on compassion rather than being ‘overly corporatised’. They felt they had inherited this culture from their much older family business.
- **Environmental consciousness:** Firms that emphasised environmental sustainability included Jakson Group, PTC Industries, and Yash Pakka. All these firms had taken additional steps—beyond regulatory requirements—to minimise the negative impact of their business on the environment.
- **Fair practices:** Technical Associates and Aishpra stressed on fair practices, whether it was legal, regulatory, or ethical matters. Chopra Retec also mentioned timeliness as an aspect that was very important to them—they had never delayed salaries, bonuses, or vendor payments even by a day.
- **Business growth and employment generation:** Most interviewees viewed their business as an extension of their social responsibilities. They believed their forte lay in business hence it was the best way in which they could fulfil their social duties. Many interviewees were active members of business associations at state and regional levels devoting a lot of their time and energy to activities that strengthened business growth and livelihood creation in their region. Few older interviewees, who were also on the boards of social organisations, had enabled those institutions to perform more efficiently under their guidance.

5.2 Considerations While Choosing a Project or Donating to an External Agency

The following themes emerged from discussions on factors that the interviewees considered while making philanthropic/CSR decisions:

a. Impact: Impact was the most widely mentioned factor, with ten out of nineteen interviewees referring to it while discussing considerations. However, different people referred to impact in different ways. The sub-themes included empowerment (primarily through skilling and livelihood), transformation (referring more to broader social change), innovation and scalability, measurability or on-ground change, and betterment at an individual level.

b. Trust: Trust came up as the strongest factor when it came to donating to an external project or collaborating with another agency. Seven interviewees mentioned trust—or the lack of it—while discussing factors they considered while making a decision pertaining to a project. The aspect of trust influenced the family’s philanthropic choices in many ways:



- Reluctance to work with very large or professionalised NGOs
- Choosing local projects as they could see the work that was being done
- Choosing projects that were managed by or referred by known people

c. Need: The term ‘genuine need’ was mentioned specifically by six interviewees. It mainly referred to fulfilling a very obvious, visible, and, in most cases, pressing need. In some cases, the interviewee did not mention the term specifically but it reflected in their initiatives. For example, Rimjhim Ispat mentioned not getting good projects to allocate their CSR funds to. They also felt their corpus was not very large. However, during the second phase of COVID, they came forward on their own accord and ensured unrestrained (free) oxygen supply in areas they operate in—both to hospitals and individuals. They provided cryogenic oxygen tankers to the Government of UP and argon tankers to the Government of Delhi. The interviewee did not mention the cost that they incurred for this.

d. Expertise and experience: Five interviewees directly mentioned expertise and the past performance or model of an external agency as a decisive factor while making a choice. In three cases, this came up indirectly where interviewees mentioned involving technical experts or consultants for their projects. Another sub-theme closely related to this aspect was working with people who had the same mindset—who shared their vision and style of working.

e. Long-term sustainability: While many initiatives were focussed on catering to immediate needs or were built around the idea of service, families which had been socially active for longer periods strongly believed in self-sustainability in the long run. Some interviewees who were new to structured giving also showed an inclination towards long-term projects.

Observations

- **Location:** Barring a few projects, the initiatives of all the organisations were centred on their areas of operation. This was due to a natural affinity with the area and knowledge about the work of local organisations. Local initiatives also allowed for involvement and better monitoring of self-managed projects. A few interviewees did donate to specific projects in different regions, but it was either to organisations they were involved with or to the ones they knew personally.
- **Religious or community-specific trusts:** Four firms mentioned donations to a religious or community-specific trust (Tirupati temple trusts, Marwari Sewa Sangh, etc.). The following factors seemed to have convinced them to trust these organisations:
 - > Focus on on-ground, direct service to beneficiaries
 - > Most workers offered their services as volunteers (implying fewer overhead expenses—high salaries, office space, etc.)
 - > Very old, established organisations with wide networks, involvement of extended family members, or friends

The same factors played a role when families chose to donate to (or collaborate with) projects led by the Rashtriya Swayamsevak Sangh (RSS) or similar associations (three organisations mentioned donating to Ekal Vidyalaya Foundation and one to Swami Vivekananda Health Mission).

5.3 Drivers and Influencing Factors

This was the most lucid aspect of the interviews which emerged mostly when interviewees were asked to talk about themselves and their families. The list 'drivers' provides an answer as to why interviewees undertake philanthropy. While closely related, influencing factors were aspects that could not be considered as direct drivers but had an impact on how interviewees engaged with philanthropy. The themes that could be classified as Drivers are discussed first, followed by the Influencing Factors. Sample quotes have been included along with each aggregate theme to offer a better picture of the actual discussions:

<p>a. Moral duty: All interviewees strongly believed that whatever they had built or presently possessed had been given to them by society. The fact that they were in a position to do something for society was a blessing, and it was their duty to give back. This aspect was closely linked to an increased focus on employee well-being as well.</p>	<p><i>'We are because of them. If we don't share even a fraction of what we earn because of them with them, for their well-being ... it is an injustice...we are being very selfish in our approach to making money and profits and doing business.'</i> Kiron Chopra, Chopra Retec.</p> <p><i>'All of this ... where does it come from? The society has given us. It is my way of trying to repay the society's debt. It can never be repaid fully but some of it can be covered by fulfilling my social duties honestly. I feel content if I know I contributed in the best way I could.'</i> R.K. Chaudhry, Ganga Group</p>
<p>b. Concern over the growing economic divide: Seven interviewees talked about the growing divide between the haves and the have-nots in the country. They believed that if this was not addressed soon, it would lead to a bleak future, particularly for businesses. A kind of social net was essential for any economy to sustain its growth.</p>	<p><i>'If we are not able to bridge this divide between India and Bhaarat, we are looking at a bleak future for our country in the next 15–20 years. The impact of this divide is already being felt in the social unrest in large metropolitan areas. The crime rates are high and life is not actually safe for residents. I've seen places in Africa which are so unsafe that almost every compound has an electric fence. We definitely don't want our country to go that way. Therefore, it is crucial that we bridge the divide and ensure a more inclusive growth in our country.'</i> Vinamra Agarwal, Technical Associates</p>
<p>c. Good economics: This aspect was not mentioned in isolation, but five interviewees talked about the fact that if a business is socially conscious and addresses issues proactively, the benefits come in the form of expansion in potential markets, positive perception, high employee morale, and strengthened relations with all stakeholders.</p>	<p><i>'My generation is good but if this business has to run in the future, there should be market for it. Where would it come from? It is already getting saturated. If you are able to empower more people, making them financially independent, you are creating a future market for the next generation.'</i> Puran Dawar, Dawar Group</p> <p><i>'CSR surely makes business sense because you have to operate within a community. If you don't look after that community you will never achieve your goals. There are so many benefits of active CSR when it comes to employment opportunities, labour issues or logistics.'</i> Soraya Rebello, Jackson Group</p>

<p>d. Family and corporate identity: Business families involved in regular philanthropic initiatives for longer periods tend to earn recognition for their social engagements, particularly in smaller cities. Their social pursuits gradually become an integral part of their family and corporate identity.</p>	<p><i>'Even though my father never talked about it, there is a lot of respect we get because of what we do. We have retailers and channel partners associate with us even if we may not be the best commercial deal for them because of the work we do...When we started involving channel partners in our initiatives, one of them said – Dayal always does something different.'</i></p> <p>Amrita Kumar, Dayal Group</p>
<p>The respect and recognition, in addition to the outcomes of their initiatives, influence their intentions to undertake bigger projects. Interviewees felt they were being viewed by people in a different light—not merely as money-making entities, but as organisations that had a commitment to social good.</p>	<p><i>'People said about my father that if there is a bad road, just take Agarwal ji for a walk there. And he was like that. He wouldn't wait for the government to come fix things. He'd just go ahead and do it.'</i></p> <p><i>'When so much work is done in a small and remote town, it is noticed even more by ministers and bureaucrats. Even today, when they learn that I am from that family in Kaimganj, there is an immediate recall.'</i></p> <p>Jai Agarwal, Gyan Dairy</p>
<p>e. Personal fulfilment/Self-actualisation: This theme came up during discussions with older interviewees who considered philanthropy to fulfil a deeper purpose in their lives, giving them personal contentment. The only younger interviewee to mention this discussed giving 25 per cent of his personal salary to support education for meritorious children from economically weaker families.</p>	<p><i>'I have never talked about this. It's not such a big deal. What else will I do with my salary ... the company takes care of everything. We are working in office all day; it is these little little things that make life meaningful.'</i></p> <p>Ashish Khandelwal, B.L. Agro</p> <p><i>'I intend to make it as good Jindals. The land is acquired and 25 per cent of the funds are already raised. This would be the last big project of my life.'</i></p> <p>Ashok Gupta (72), Banaras Beads (discussing the naturopathy institute and old age home being planned by him through an independent trust)</p>
<p>f. Family traditions: This theme resonates with most of the literature on FFP wherein family traditions and atmosphere have been stated as a very strong driver. As many as 11 interviewees had witnessed some form of philanthropy being practised in their families. Six of these 11 interviewees described their backgrounds as 'humble' with three recalling their fathers (or grandfathers) engaging in giving even if it strained their own resources.</p>	<p><i>'My father considers his grandfather to be the biggest influence in his life. He was someone who always helped people despite his own limited means. He had a particular practice of having a stranger share a meal with them every single day.'</i></p> <p>Rohit Agarwal, Rimjhim Ispat</p> <p><i>'We are proper Marwadis from Rajasthan. It's in the culture...it's not about what we have. As far as I know, if my father and uncle were making just 100 rupees, they would still give away 10 rupees. It's not that today we have money so we are doing it.'</i></p> <p>Sudeep Goenka, Goldiee Group</p>

Influencing factors: As mentioned earlier, the themes included under influencing factors shed light on *how* an individual views philanthropy or engages with it:

i. Religion: Of the 19 firms covered in the study, the founders of 12 firms were identified as religious, while the interviewees from five other firms appeared to be deeply religious.⁴⁶ However, based on the interviews, religion cannot be viewed as a conclusive driver of philanthropy (some religious families were not very active socially and vice versa). No interviewee mentioned any donations for religious pursuits—the only exception was Jalan Group that actively engaged with spiritual leaders. This was considered a private matter and any related activities were not viewed as philanthropy.

However, the philanthropic outlook of religious families tended to differ from that of relatively less religious ones. The approach of deeply religious individuals was mostly of service:

- More focus on urgent problems requiring immediate interventions
- High personal involvement, individual-driven, lack of a definitive structure
- Reluctance to publicise, little or no mention on company websites

The spirit or feeling while doing philanthropic work was central to deeply religious individuals. For example, in the shelter home supported by Jalan Synthetics, all caregivers address their patients as Prabhuji (God). The faith that they are serving God by serving the sick and homeless is very strong. Religious families had an emotional approach to philanthropy—a sentiment that is directly reflected in the shared quote.

Earlier it was unstructured, more individual – no budgets. After the CSR Act, we have a ball park figure – but we usually exceed that figure. Two years back, we spent 1.25 Cr. The reason we over-shot was because there was no rigid budget, it was only at the end of the quarter that we realised this. But even if we had a proper budget, my father wouldn't hesitate to go beyond. We are a very emotional family that way.

- Saumitra Saraf, Aisshpra Gems & Jewels

On the other hand, interviewees who were not particularly religious mostly viewed social initiatives professionally:

- Focus on specific domains
- Inclination towards more systematic, process-driven approaches
- More open to collaboration with implementation partners

It must be mentioned that none of the younger interviewees considered themselves to be particularly religious despite viewing their families as religious.

ii. Business growth: A certain size and level of profitability is essential for a business to undertake any significant philanthropic initiatives. Firms that had either witnessed accelerated growth in the past few years or were expecting steep growth in the next few years looked at philanthropy with more seriousness. As their budget for philanthropy (in the form of mandatory CSR or self-directed profit share) increases, they would like to ensure better utilisation of the funds. These firms either had a proper structure in place or were planning to consolidate and streamline their efforts in the next few years.

⁴⁶ Based on how interviewees described their fathers (founders or current business heads) and the number of times statements with religious themes were made during interviews by founders themselves.

iii. Perception of business and political environment: This aspect was closely linked to the previous point. Interviewees having a positive perception about the current administration were more active or intended to get more active in the social space. Such interviewees felt very strongly about fulfilling their role in supporting the growth of the country.

Observations

Succession: Contrary to reviewed literature, succession *'I've never thought if my children would like to join the did not come up as a concern or focus area for any business or not. I hope I never think of it like that. Every soul family. A direct question on succession was avoided if is on its own journey...you have to structure the business in a the son/daughter of the current head of business had way that if a person is competent and they want to come, they already joined the firm; however, the matter came up can come. If they don't want to come, they don't. We shouldn't during other discussions (for instance, see the quote make that big a deal out of it.'*

from Mr. C.P. Gupta's response while discussing person- **Ved Krishna, Yash Pakka**

al views on philanthropy). In all cases, one or more of the

founder's sons (and later, grandsons) had joined the *'I have a friend in US whose children are not involved in his business. He says philanthropy is his purpose of doing company. I found that very interesting...one of my guides also said once that true happiness comes when you work for gaining nothing. It is actually correct.'*

C.P. Gupta, Ambica Steels

Therefore, succession appeared to be more of a natural process than a strategic decision. In all cases except one (Dayal Group), the daughters were not members of the board. There was one firm where the current head of business did not have any sons, and one firm where the current owner's son was not involved with the business. However, given the fact that both these firms were not only allocating more than the mandated amounts but the promoters were also actively involved in their social initiatives, it can be assumed that succession was not a strong driver for philanthropy.

5.4 Views and Projections

Besides discussions on philanthropic aspects specific to each firm, the interview involved open discussions on various dimensions of philanthropy in general. Findings that emerged from these discussions are summarised as follows:

a. Challenges: Most interviewees (11) did not discuss any major challenges as far as philanthropic undertakings were concerned. Few also mentioned a healthy level of cooperation from the administration and other stakeholders in their initiatives. However, some issues that came up during discussions are listed below:

- Finding the right projects: This was a concern with three interviewees who felt they could not find very good projects to support. In one case, they approached the local administration on their own to offer support in the area of education.
- Lack of trust in external agencies: Although not mentioned as a challenge, the lack of trust in professional NGOs did come up multiple times while promoters discussed social projects. When discussing challenges, two interviewees mentioned a 'lack of clarity in the social sector' that made it difficult for them to identify bona fide entities in their

preferred areas. This mainly implied a difficulty in identifying trustworthy agencies and judging the work that was being done by them.

- **Ambiguity on CSR initiatives:** It was mentioned twice during interviews that there was a certain level of ambiguity as to what constitutes as CSR under the CSR Act. It was suggested that more concrete definitions of areas and also guidelines on how to take up projects would be very helpful.
- **Administrative/political factors:** This was not mentioned as a challenge, but the aspect of requests/pressures to take up certain projects from the local administration came up during four interviews. These projects were mostly related to civic infrastructure.

b. Involvement of the younger generation: Contrary to reviewed literature, the proactive involvement of the younger generation in philanthropy (as a means to deepen family ties, strengthen legacy, or sharpen business skills) was not a priority among the studied firms.

Out of 19 firms, social initiatives of nine were led by members belonging to the older generation, while five had an almost equal participation of both active generations. In two cases, philanthropy was driven by a member of the younger generation. In two cases, there was only one active generation in business.

Among the eight older interviewees, three felt that the mindset needed for service comes with age and maturity. Another three believed that the inclination to give was there; however, the younger members were gradually taking the lead in business, and they had little time for other endeavours. Two interviewees strongly felt that the current generation was more conscious, aware, and empathetic than the previous generations.

c. Views on mandatory giving: The take on mandatory giving was majorly positive, with 11 interviewees in favour of the CSR Act 2013. The following points were mentioned to support their opinions:

• It has helped change the mindset of businesses—earlier most companies did not think along these lines.

'Many times, we miss that bit – a consciousness for community. But now when we get this opportunity that these funds have to be used, we develop a sense of responsibility.'

• Most businesses had the intent but lacked the will to take action—they are beginning to participate actively.

'While the government may have the intent and funds, it doesn't have the right channels for implementation. So companies which have on-ground presence, the right systems and an inbuilt culture of doing things efficiently – would be able to do this more effectively.'

• Businesses must be responsible for the society they operate in—the government alone cannot change everything.

• As the act only applied to profitable companies of a certain size (implying the business had already gone through a few growth cycles)—it was justified.

'It's OK to donate to funds to CSR agencies but some part of it should be done by the company itself. Even from a spiritual perspective, it transforms you.'

Smita Agarwal, PTC Industries

Another six interviewees had a neutral view on the mandatory CSR activities due to the following reasons:

- The mandate may have been necessary, but the feeling of giving back comes from within. (2)
- The intent behind the act is good but there is little ground-level change. Instead, it has led to a lot of intermediaries and even malpractice. (4)

The remaining two interviewees were not in favour of the act—both had different reasons for their opinion:

- Indian businesses had been philanthropically active for years anyway. The primary responsibility of corporates was to strengthen the economy and create employment. Philanthropy should be a matter of choice, not enforced.
- The impact of the act has only been on paper, with so many huge businesses in India, there should have been some tangible change on the ground, but that was not the case.

d. Business projections: Almost all the firms covered had experienced rapid growth in the past few years and expected to maintain their momentum. The only exception was Banaras Beads which mentioned declining business due to the proliferation of Chinese products in the past few years. They have now upgraded their technologies and are targeting a three-fold growth in the next five years. Projections pertaining to turnover in the coming five years (2022 onwards) shared during the interview can be summarised as follows:

- Three-fold growth or higher (5)
- Two-fold growth (6)
- Eight firms refrained from giving figures, their responses include:
 - >Very strong growth expectations (2)
 - >Aligned with industry (3)
 - >Positive but could not give an exact figure (3)

e. Philanthropic projections: As pointed out in the reviewed literature, business growth and the consequential rise in personal wealth have led to a very strong philanthropic sector globally. The findings so far support this fact (also mentioned in section 5.4). Firms expecting higher business growth were either already active in the social space or were serious about moving ahead more strategically with their philanthropic/CSR activities. The following points briefly describe the current status (as of 2021) of firms on this matter:

- Ten firms had narrowed down on two to four domains. Seven of them had on-ground projects/initiatives with their own structures, mechanisms, and/or partners for implementation. These firms intended to continue ongoing work, with the likelihood of an increase in the scale of activities as their funds grew.
- Two firms did not focus on particular projects or identify specific areas. Their giving was primarily need-based and they did not foresee any change of plans with respect to CSR or philanthropy in the near future.
- Six firms discussed the likelihood of concretising their approach to CSR activities in the coming years, with two firms contemplating on redirection of funds from donations to self-initiated projects. Four firms planned on structuring their philanthropic activities to optimise the utilisation

tion of funds. Two of these firms were in the process of setting up advisory boards that would help them identify areas, regions, and projects through which they would be able to create maximum impact.

6. Analysis

The findings of this study are based on interviews with promoters of 19 firms native to Uttar Pradesh. This is certainly not a large enough sample to arrive at generalised results; however, the findings do indicate patterns that are helpful in understanding the direction philanthropy may take in this state:

- Organised philanthropy continues to be a rather new concept in the state, and most businesses are still navigating their way in the social space.
- Some businesses deemed their corpus to be small or not large enough to make an impact. This opinion kept them from investing necessary time and energy towards streamlining their efforts, leading to a fragmented approach.
- In most cases, mandatory giving has helped not only with increasing and regularising funds for the firms' social initiatives, but it has also led them to think about putting those funds to good use.
- All five families that had been engaged in active philanthropy for longer periods (two decades or more) had taken up much bigger and more ambitious projects in the recent past. This was irrespective of the size of their business. A positive correlation can be assumed between years spent in active philanthropy and the scale of future initiatives.
- The previous point also suggests that as businesses spend more time engaging in active philanthropy (whether as mandatory CSR or of their own accord), their initiatives are likely to expand in terms of scale and impact.
- Traditional outlook towards philanthropy was shaped by ideas of selfless service or donations, but as philanthropic budgets increase, businesses are more inclined towards long-term projects that will achieve financial self-sustainability over a period of time.
- There was a difference in the ways in which older and younger interviewees approached philanthropy. As the younger generations eventually take the lead in philanthropic endeavours, the emphasis on impact and assessment would be higher. There may be increased interest in more specific initiatives within broad areas like education (for example, learning outcomes or digital literacy) or health (for example, mental health).
- Environment and climate action is an identified focus area for six firms but most are in the initial stages of their plans. As the sector evolves further with more innovations and technologies, it may get more philanthropic attention in the future.

Shortfalls: While the general scenario pertaining to philanthropy appears to be largely positive, there are some aspects that require additional attention for improvement:

a. Reporting: The data on philanthropy or CSR initiatives in the state is not adequate. The information provided by firms (those coming under the purview of the CSR Act) on the website of Ministry of Corporate Affairs is mostly incomplete. In most cases, the official websites of companies do not carry any details either.

b. Publicising: Many firms were against the idea of publicising philanthropic work. This mindset added to the ambiguity on work being done by businesses. Only two interviewees felt that while publi

cising philanthropic acts may go against the long existing ideas of silent giving, it was important that businesses talked about social initiatives as it motivated others in region to do their part. Businesses that are actively engaged in the area must be encouraged and provided platforms to discuss their work.

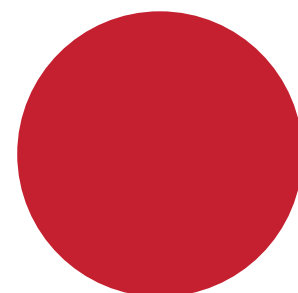
c. Monitoring: When asked about views on how other businesses were fulfilling social duties, few interviewees felt that CSR or philanthropy was not a priority for many businesses. Some were still not allocating funds, and there were a few instances of circumventing the law (for instance, taking a part of their donations back as cash). This indicates the need for more stringent monitoring of not just businesses, but also implementation agencies.

d. Guidelines: Some interviewees mentioned a lack of clarity on guidelines pertaining to CSR initiatives. Two interviewees also felt that the areas were too broad, and this led to a lot of scattered initiatives by businesses. It would help if the guidelines were more specific and also took into account regional issues. Organisations that are working towards sensitising businesses about the mandate—and more importantly, benefits—of CSR may consider engaging with smaller firms outside traditional metropolitan centres.

e. Small corpus: The researcher made an effort to keep the focus of this study on relatively mid-size businesses. A small corpus is not only a practical barrier, but also a negative influence on philanthropic motivations. However, almost all small businesses in the study were very active in the social space, with some taking up very large projects as well. Case studies on how small businesses take up philanthropy would be helpful in getting other small- and medium-sized businesses to think in this direction.

While conducting the study, many initiatives and strategies were mentioned by mid-level organisations including Dawar Group (Community Kitchen and Mera Rozgar), Dayal Group (evolving from promoter-led initiatives to employee-led CSR), Yash Pakka (schools for migrant and rural children), and Jalan Group (segmentation of philanthropic domains along with segmentation of family business). There were also instances of successful collaborations among businesses towards a common project (COVID Hospital set up by Agra Footwear Manufacturers and Exporters Chamber led by the Dawar Group and the maintenance of civic infrastructure and traffic control led by Ganga Group in Varanasi).

Gender: Another aspect—although not directly related to philanthropy—was the extremely low involvement of women (especially daughters) in family businesses. It is crucial that businesses address this imbalance and proactively engage women of the family in their firms. This would not only lead to a more inclusive board but would have a positive ripple effect on all aspects of business including philanthropy.

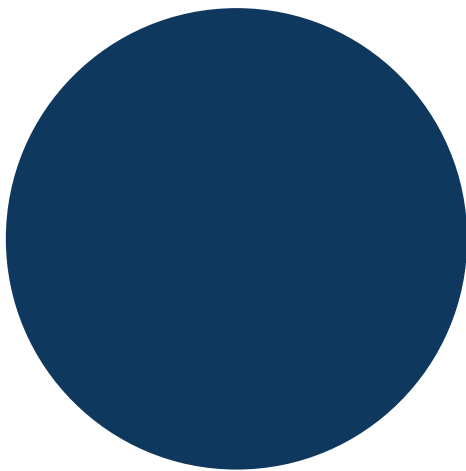


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7. Conclusion

This paper is an initial effort towards understanding philanthropy by family businesses in Uttar Pradesh. While the study focuses on one state, the findings could be relevant to family firms of other regions as well. The study adds to the already growing literature on FFP, as well as the relatively less discussed domain of social initiatives of smaller businesses. Besides providing a glimpse into the giving practices, motivations, and challenges of such firms, this paper also points towards the need for better reporting norms and further research—particularly case studies—on the impact that is being created and can be created with smaller budgets.

The findings indicate a deviation from the existing literature with respect to succession and religion being direct drivers for philanthropy in the case of mid-size family businesses. The findings also indicate a trust deficit with respect to professional organisations, suggesting the need for a regular review of the work and ratings of NGOs, including the regional ones. This paper provides a foundation for further studies on regional and local philanthropy, particularly the scaling-up and replication of successful models and best practices.





INTERVIEW STRUCTURE (Segments and discussion points)

Business Overview:

- Origins and current status
- Current involvement of family members
- Present turnover
- Number of employees

Current philanthropic initiatives:

- Budget
- Mechanism
- Decision making and team
- Focus areas
- Major initiatives/projects
- Impact assessment (If applicable)
- Problems/challenges
- Employee welfare
- Individual giving

Personal views:

- About the founder: Background, education, entrepreneurial journey, ways of doing business, ways of giving back, religious and spiritual beliefs
- About the interviewee: Childhood, education, major influences, areas of interest, religion and/or spirituality in the family
- Views on philanthropy: Mandatory giving, profitability in philanthropic initiatives, impact on business, succession, involvement of younger generation in philanthropy, views on how other businesses fulfil social responsibility, publicising social initiatives

Future vision:

- Take on the existing business environment in UP
- Growth projections
- Consequential impact on philanthropic initiatives

Note: The discussion points are indicative of the aspects which came up during interviews. The list is not exhaustive. There were some interviews which covered additional aspects while there were some interviews in which a few of the above points were not discussed directly (For example, direct questions on succession or religion were not a part of some interviews).