

What business can do; what business must do?

by Kapil Wadhawan



In today's times of uncertainty, inequality and conflict, the role of business in driving 'social change' is relevant like never before. Businesses and organisations driven by profits alone need to relook at their goals. Businesses that seek to address challenges like climate change, water and hunger issues, poverty alleviation through financial empowerment to bridge the gap between the haves and have-nots can survive gainfully as profits can be deployed to scale up the business and solve more problems.

The question "What business can do; what business must do?" answers itself if we view the world empathetically. To cite an example that I cherish, let me share with you Wadhawan Global Capital's (WGC) business model. Our founder, Late Shri Rajesh Kumar Wadhawan, started the business three decades ago to alleviate social disparity. He dreamt of home ownership for every Indian through affordable finance. The ability to interweave larger social causes to your business vision and

then build an organisation around it is the way corporations need to think if they are to survive. Today, we see that our founding father's vision is still relevant and has been repeatedly championed by modern managers.

Societal problems can no more be left only to governments, NGOs, academics, researchers or volunteers more and more businesses are better at solving social problems is being advocated and implemented across businesses globally today

Profits with a Purpose

Businesses need to build a larger purpose and set benchmarks that create sustainable and positive change in society. I call this 'Profits with a Purpose' – the larger the problem that businesses solve to make our world a better, greener and equitable place, the bigger the profits. Indeed, if you solve a problem that is big, your profits serve the cause in a deeper and more efficient manner.

A business without profits is a drag on the larger ecosystem. Similarly, a business that operates solely for

Organisations driven by profits alone need to relook at their goals, writes a financial services expert. **Sign up** to view the latest edition.

profit without addressing real socio-economic problems cannot survive in the long term. For example, when Unilever sells a bar of soap to a customer, it addresses the larger cause of creating a safe and hygienic environment at home. With healthier families and fewer diseases, reduced healthcare & sanitation costs and child mortality translate to a better world.

Financial empowerment is a focus area for us at WGC. We believe that by providing credit to creditworthy people who are outside the formal banking system we can bring large swathes of marginalised sections of the society into the mainstream. This can create a more equitable world.

Let me share with you another insight. Credit delinquency among this category of borrowers is low and we have negligent defaults on regular interest payments. This proves that if businesses and society create fair opportunities and affordable access to the less privileged, they can participate in their own progress in a fair manner and in turn,



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complement such businesses with purposeful profits.

As socio-economic conditions improve, another focus area for us globally is to provide financial services to low and middle-income groups in the most efficient and cost-effective manner. These groups who contribute to the economy through arduous work and intellect are often left with less income due to inefficient high-cost financial habits and sheer ignorance.

Compassionate Conduct

Any business that lacks soul is not worth being in. Only compassion, respect and impeccable conduct towards every customer and stakeholder can make a business successful. We have many examples of businesses that have failed because they lacked compassion or conducted themselves inappropriately.

At WGC and all our associate companies, compassion is wired into our DNA and has created a win-win situation. We believe a business founded on an empathetic understanding of the customer's needs, however small, delivers effective solutions. Such a business model is sustainable, scalable and value-oriented.

From a fiduciary viewpoint, businesses must behave in a responsible manner. Non-adherence to governance and risk management is unacceptable. In a business like ours, where we deal with money often leading to wealth creation for customers, trust, transparency and truthful conduct are non-negotiable. We have further ensconced this by leveraging new age technology and a professional team. Taking care of the stakeholder ecosystem to create value for every entity that contributes to business growth is an imperative. Businesses can ignore this at their own peril.

Capital for Change

While there is enough discussion about the widening gap between haves and have-nots, I firmly believe that it is an opportunity for businesses to make impactful change. 'Capital for Change' is a term that works towards creating an equitable world through narrowing income disparity, enabling home ownership and better socio-economic infrastructure and security. As the old saying goes, we want to contribute to a world where every hand has work to feed every mouth.

BUSINESSES NEED TO BUILD A LARGER PURPOSE AND SET BENCHMARKS THAT CREATE SUSTAINABLE AND POSITIVE CHANGE IN SOCIETY.

As WGC undertakes global growth initiatives, we want to ensure that we invest for a larger cause. We believe that disruptive fintech innovations will help us achieve scale in solving socio-economic problems. Recently, a research article in a Wharton journal spoke of how the Network Revolution will be driven by platforms, technology and people to create social change.

In the last one year, we have invested in four unique fintech start-ups in the UK. Their innovations have disrupted the way financial solutions and products reach customers. Each of these businesses is creating efficiencies that help low and middle income working people in the UK by spending, lending or saving efficiently.

Whether it is peer-to-peer lending platforms or saving on commuting expenses or giving employees access to credit in a quick and reasonable manner for education and other personal expenses, our Capital is meant for effecting larger Change in society. It is empowering people through financial freedom in a transparent yet profitable manner. We believe that businesses that solve

problems of large customer sets like the low and middle-income segment in an efficient and technology-enabled manner will drive future change profitably. We also believe that working-class customers across geographies and nationalities (for scale) are looking for better, tech-savvy and non-intrusive financial dealings.

Give More to Get More

I believe that besides building socially relevant business models, businesses should have a philanthropic and cause-based giving focus. Corporate Social Responsibility (CSR) is a key effort of the WGC group; it is our belief that by giving back to society that has helped us thrive, we invest in a better future.

Businesses should ensure that they drive their CSR initiatives in a meaningful, scientific and measurable manner. By aligning with local communities in their holistic upliftment, we create an equal society bereft of conflicts and tensions.

Our group's CSR initiatives focus on Early Childhood Care & Education (ECCE). We also have CSR programmes that work towards rural upliftment, skill development, and spreading financial literacy. Additionally, we provide scholarships to needy meritorious students and contribute to sports, art and cultural initiatives.

To end, I leave you with a quote from the Diary of Anne Frank: "No one has ever become poor by giving." What businesses can do and must do is to contribute in a sustainable manner to make this world more equitable, democratic and fair for every citizen born on this planet.

Kapil Wadhawan is the Chairman of Wadhawan Global Capital (WGC), a \$22-billion financial services group.

**The views expressed in this article are personal*



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