

A Case Study of Corporate Social Responsibility in Nashik MIDC

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Abstract

This paper analyses the awareness of corporate social responsibility in Nashik MIDC. It also helps to identify the awareness and effectiveness of existing environmental protection programs like Carbon emissions and trading among these companies. The study analyses the corporate responsibility with respect to Customers, Employees, Government, Environment and Society. The study involves opinions of corporate about, problems to implement corporate social responsibility. The study also involves case lets of major corporate in India like J K Tyre's, Infosys, Siemens, Tata group, Godrej Group, Mahindra And Mahindra and many more that are already implementing such programs. The result of the study indicates that in Nashik MIDC, there are few companies that are doing programs periodically. However, there are few companies, which feel that they cannot do these activities individually but there can be collective efforts. The study concludes that in addition to government agencies some management institutes should also take initiatives collectively to motivate and run such programs with these companies. It is found that Nashik Industrial Manufacturing Association (NIMA) are taking lead and arranging social programs for society. Though big Indian companies have started practicing corporate citizenship, the degree to which it is belong done is inadequate. Growing awareness among the academic institutions towards CSR as a subject, to sensitize the future managers of this nation to the societal needs besides generating profits for their organizations with increased efficiency, will need a greater deal from the managers to do the balancing act.

Keywords: Corporate Social Responsibility, Financial Performance, Corporate and Marketing Communication, Corporate citizens.

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Introduction

Corporate engagement with society, also termed corporate social responsibility (CSR), refers to one process by which an organization expresses and develops its 'corporate culture' and social consciousness. With advent of global economic environment, corporates play a very important role in shaping the quality of life of the society. CSR aims at supplementing the government endeavors to help the citizens of the country to lead a healthier, happier & more meaningful life. Governments alone are not able to do the needful to the extent needed. That is where corporates role as good corporate citizens comes in. More so, when corporate's both inputs and outputs come from society and go back to the society. In fact, in the long run this way corporates are also helping them.

Objectives

1. To identify how CSR is helping to improve the environment and well being of people in the city.
2. To identify CSR as a way of corporate sector's contribution towards branding of city.
3. To identify how corporate sector can contribute to the well being of people.
4. To identify the present activities done by Nashik MIDC's small and middle scale companies.
5. To identify the reasons for not implementing CSR by some companies.

Motivation

CSR is a buzzword now; every corporate citizen is realizing the benefits of CSR. There is a general consensus that the health of the economy depends on the health of the earth's Socio-ecological system. Empirical evidence reveals that the factors causing the biodiversity to be lost and earth's atmosphere to warm are in continuous rise. An understanding of the interdependence and relationship between the environmental, economic and social systems will enable organizations to think strategically and act proactively in order to mitigate their negative impacts on the environment and society through devising new organizational models and alternative solutions for the fulfillment of human needs and the renewal of the biosphere.

The emerging change requires finding new ways and forging new patterns of conducting business operations and increasing financial and social capital. It has been suggested that to maximize value, companies should not only focus on their financial capital, but should also consider ethical and social capital.

Particularly, large scale companies are implementing CSR. They understand the benefits of corporate and marketing communication process in order to communicate wisely with their stakeholders and customers.

It has been observed that small and middle scale companies are still not implementing CSR. So in order to find out reasons for not implementing CSR, this study can help us effectively.

CSR: Different Perspectives

1) A Strategic Perspective

Business organizations are beginning to realize that corporate sustainability requires the strong support of community. Hence organizations need to make deliberate efforts to align CSR with corporate strategy, thus enabling the firms to strike a balance among the interests of all its stakeholders, employees, customers, suppliers and the government.

The following are few companies that have aligned their CSR initiatives with their corporate strategies:

Hindustan Lever Limited (HLL)

To integrate HLL's business interest with national interest, It has launched "Project Shakti" in the year 2001. HLL's strategy was to explore the unexplored rural markets in India. Thus it came with a strategy to recruit women from those rural areas for direct sales operations. This enabled the company to sell to consumers whom it previously could not reach and improved the status of women in their families by providing them employment.

IBM

The Reinventing Education program sponsored by International Business Machines (IBM) maximized the benefits to the society and created new business opportunities. IBM has developed a teaching model in Philadelphia school system that uses voice recognition technology to instruct non-English-speaking children in their native languages. Computers act as personal instructor for these children.

2) A Symbiotic Perspective

Many eminent personalities have argued the concept of CSR. One of the strongest arguments is that business organizations have the expertise to deal with economic problems but not social problems. They lack the competency in this area and hence corporate social responsibility should not be accepted by the business organizations. This argument can be overdriven because companies can discharge this obligation taking the help of Non-Government Organizations (NGO). This has created a symbiotic relationship between companies and NGOs from which they are mutually benefited yet meeting the requirement of the society.

Mahindra and Mahindra (M & M)

Health Initiative

Mahindra & Mahindra in association with 'Aas - Center for Hope' will conduct road shows, hold seminars and spread awareness about

AIDS and its prevention. This program will commence with specific camps being held for mass awareness. The occasion saw the formation of a core CSR team comprising of Mahindra employees and social workers from 'Aas – Center for Hope' to take forward this initiative in a focused manner.

HDFC

HDFC has partnered with Smile Foundation under CSR Program. Under this, HDFC has joined Smile Foundation to work for the welfare of orphans by promoting education and rendering health services to a few selected remote areas in the Western part of Orissa.

3) A Corporate Innovation Perspective

Some corporate leaders presume CSR as a source of innovation. History shows that many inventions and discoveries have been accidental. Thus, in the pursuit of CSR activities many organizations enjoyed the fruits of such innovations. This is quit evident in the case of Delaware based DuPont. In the early 1990s the production of Chlorofluorocarbons (CFCs) were plying a major role in depleting the ozone layer around the planet. Under such conditions, DuPont came up with a technology to reduce these CFCs, which attracted the attention of the world. Thus, DuPont has been identified as one of the best socially responsive companies.

4) An Entrepreneurial Perspective

Beautician Dr. Urjeta Jain who started herbal clinic, rejected the existing beauty parlors' treatment and adopted the principal of "care & cure", based on Ayurvedic system. Her idea was to provide natural beauty care. She started inventing her own herb-based products and methods of treatments thus avoiding the dangers of synthetic and chemical treatments.

An Ethical Perspective - The Bosch Limited

Bosch has undertaken numerous initiatives towards the betterment of society across medical, educational, social and vocational programmes. Some of the key initiatives have been; the donation of a distribution vehicle to the AkshayaPatra Foundation – a nonprofit organization that provides unlimited, wholesome and nutritious mid day meals to students across India. An outreach programme called Manasi – founded by the female employees of the organization to serve the underprivileged, by addressing many issues in and around the neighborhood. An orphanage, 'Anatha Shishu Seva Ashrama', was taken up as one of their significant projects. Manasi is also active in various other social initiatives like blood donation camps, health awareness programmes, etc. An active part in the Nashik Run – initiative to promote awareness, health and fitness in and around the city of Nashik for the underprivileged. Relief during the Kargil War and earthquake ravaged Gujarat. Monetary help – every

employee came forward with an offering of a day's wage - in the aftermath of the Tsunami in South India

Infosys

The founder of Infosys N R Narayan Murthy believes that one should give to society more than what it gave him. Murthy believes that corporations should ensure transparent disclosures to investors to attract global capital; show fairness in dealing with employees to retain them; ensure customer satisfaction to win confidence and loyalty; ensure fair dealing with their supply chains and should be ethical to government by paying all the taxes.

The Infosys Foundation was formed to focus on healthcare, primary education, societal rehabilitation and rural uplift, art and culture. Sudha Murthy-Narayan Murthy's wife, chairperson of the foundation, is taking a leadership role in influencing corporate India to discharge their social responsibilities besides focusing on profit generation. The foundations began its activities in Karnataka in 1996. The activities have extended to Tamil Nadu, Andhra Pradesh, Maharashtra, Orissa and Punjab. According to a recent report, Infosys spends about Rs. 50mn on social activities.

Potential business benefits of CSR

However, businesses may not be looking at short-run financial returns when developing their CSR strategy.

1) Human resources

1. A CSR programme can be seen as an aid to recruitment and retention, particularly within the competitive graduate student market. Potential recruits often ask about a firm's CSR policy during an interview, and having a comprehensive policy can give an advantage.
2. CSR can also help to improve the perception of a company among its staff, particularly when staff can become involved through payroll giving, fundraising activities or community volunteering.

Risk management

1. Managing risk is a central part of many corporate strategies. Reputations that take decades to build up can be ruined in hours through incidents such as corruption scandals or environmental accidents. E.g. Satyam
2. These events can also draw unwanted attention from regulators, courts, governments and media. Building a genuine culture of 'doing the right thing' within a corporation can offset these risks.

Brand differentiation

1. In crowded marketplaces, companies strive for a unique selling proposition which can separate them from the competition in the minds of consumers.

CSR can play a role in building customer loyalty based on distinctive ethical values.

2. Business service organizations can benefit too from building a reputation for integrity and best practice.

License to operate

1. Corporations are keen to avoid interference in their business through taxation or regulations. By taking substantive voluntary steps, they can persuade governments and the wider public that they are taking issues such as health and safety, diversity or the environment seriously, and so avoid intervention.
2. This also applies to firms seeking to justify eye-catching profits and high levels of boardroom pay. Those operating away from their home country can make sure they stay welcome by being good corporate citizens with respect to labor standards and impacts on the environment.

Criticisms

Critics of CSR as well as proponents debate a number of concerns related to it.

1. Corporations are only responsible to their shareholders and not to society:- Some critics argued that a corporation's purpose is to maximize returns to its shareholders, and hence, only people can have social responsibilities, corporations are only responsible to their shareholders and not to society as a whole. Although they accept that corporations should obey the laws of the countries within which they work, they assert that corporations have no other obligation to society.
2. CSR as incongruent with the nature and purpose of business: Critics perceive CSR as incongruent with the nature and purpose of business, and create hindrance to free trade. Some people argue that improvements in health, longevity and/or infant mortality have been created by economic growth attributed to free enterprise.

3. CSR is only for developing countries

Critics claim that the type of capitalism practiced in many developing countries is a form of economic and cultural imperialism, noting that these countries usually have fewer labor protections, and thus their citizens are at a higher risk of exploitation by multinational corporations.

4. CSR and questionable motives

- a) British American Tobacco (BAT): - Some critics believe that CSR programs are undertaken by companies such as British American Tobacco (BAT), the petroleum giant BP (well-known for its high-profile advertising campaigns on environmental aspects of its operations), to distract the public from ethical questions posed by their core operations. They argue that some corporations start CSR programs for the commercial benefit they enjoy through raising their reputation with the public or with government. They suggest that corporations which exist solely to maximize profits are unable to advance the interests of society as a whole.
- b) McDonald's: - AS CSR has become mainstream, the company has pushed up its CSR programs related to its labor, environmental and other practices. But it was fair comment to say that McDonald's employees worldwide 'do badly in terms of pay and conditions' and true that 'if one eats enough McDonald's food, one's diet may well become high in fat etc., with the very real risk of heart disease.

Methodology

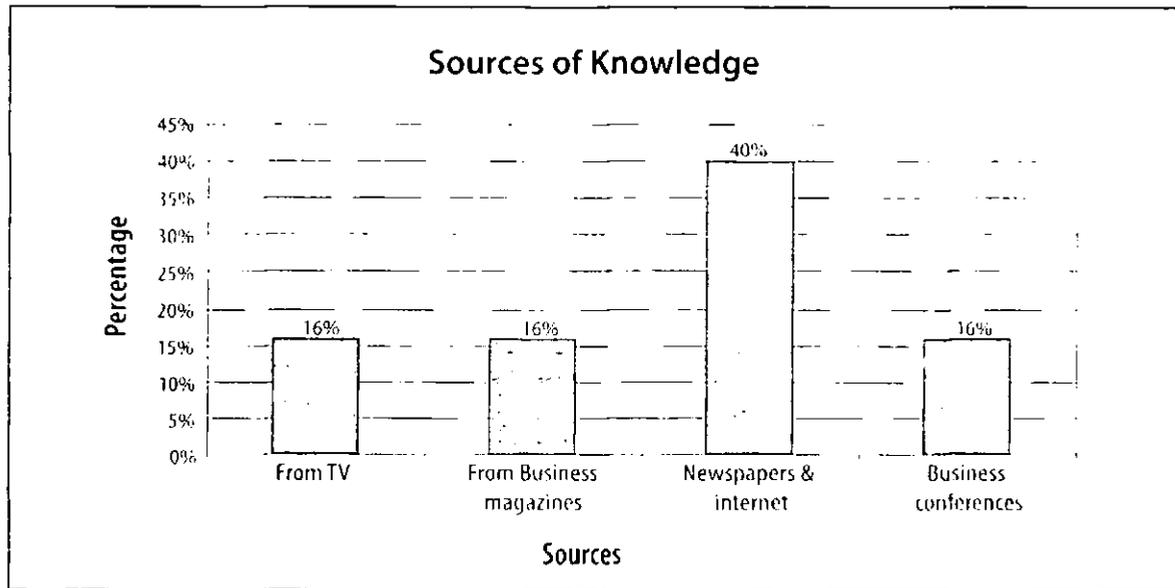
The study covers both the primary and secondary data analysis.

Sources of data collection

The primary data was collected by interview method by using structured questionnaire. For the purpose of the study, the data has been collected in Nashik MIDC. 25 Small and Middle scale entrepreneurs were selected for study as sample. This survey was conducted in the month of December 2008. The secondary data was collected through published records, journals, business magazines and web portals.

Interpretation

The respondents were asked to give sources of information of CSR. From the analysis, it can be concluded that 40% of respondents got information about CSR from Newspapers and Internet. Only 16% information is collected from TV, Business magazines & Business conferences.

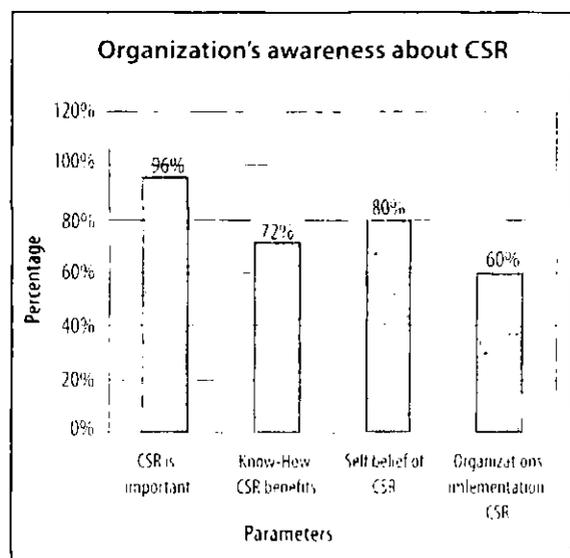


Graph 1: General know-how of respondents

Conclusion

From analysis, it can be seen that only 16% of respondents got information about CSR from TV. As TV media is accessible to all people, it has more potential comparative to other media of advertising. TV is very efficient way to communicate with every market segment. It has not been used as effectively as could have been used. Also in case of TV, no one has to take extra efforts to obtain information about CSR. However, in case of other media they have to spare time and voluntarily read the information about CSR. From the analysis, it can be concluded that, all the other media like Business magazines, Newspapers & Internet, Business conferences can also be used in a better way in order to increase awareness of CSR. Companies that are already implementing CSR can give advertisement on TV, so others can get

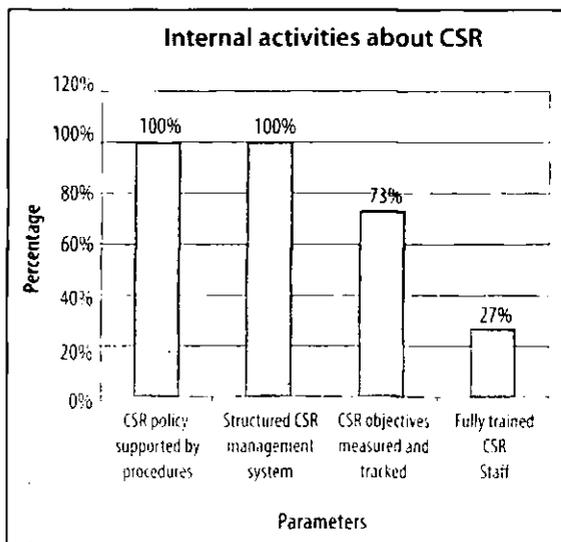
motivation out of that. E.g. TATA Tea is doing in their 'Jagore' advertisement campaigns, they are doing voting awareness along with TATA Tea.



Graph 2: Organization's awareness about CSR

From the above analysis, it can be concluded that 96% of respondents feels that CSR is important, 80% feel that CSR should be implemented because of self-belief. Out of that, only 60% of organizations are active in CSR implementation, 72% of respondents are aware about long term and short term benefits.

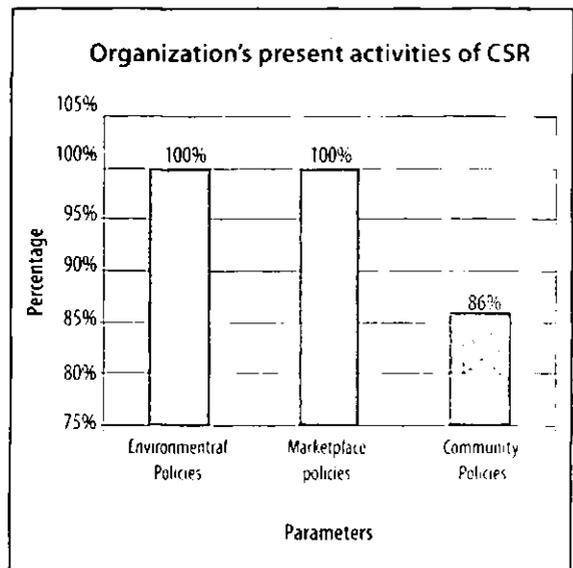
It shows that 60% out of 96% are implementing CSR, balance 26% know about CSR but are not implementing because of limited financial resources, not having experience as well as they don't have exposure. As CSR is not only doing things at large scale, special training can be given on small CSR activities which they can do at small scale like blood donation camps, educating to small village, etc. Collective efforts can also make a good initiative to CSR programs. An association can be formed of members who are already implementing CSR and who want to implement it, but facing some problems.



Graph 3: Internal activities about CSR

The above study [Graph no. 2] shows that 60% of organizations are implementing CSR but out of that (Considering Benchmark of 60% as a 100% for further consideration) each company have CSR Policies and CSR management system. It also shows that there should be significant improvement in objective measurement, objective tracking and training to staff.

It is suggested that more emphasize should be given on measuring and tracking the CSR objectives than only implementation. The trained staff can contributes more out, if polices are well drafted and tracked. There should be regular internal as well as external audit for CSR. This mechanism will evaluate periodical progress and easy to measure CSR objectives.

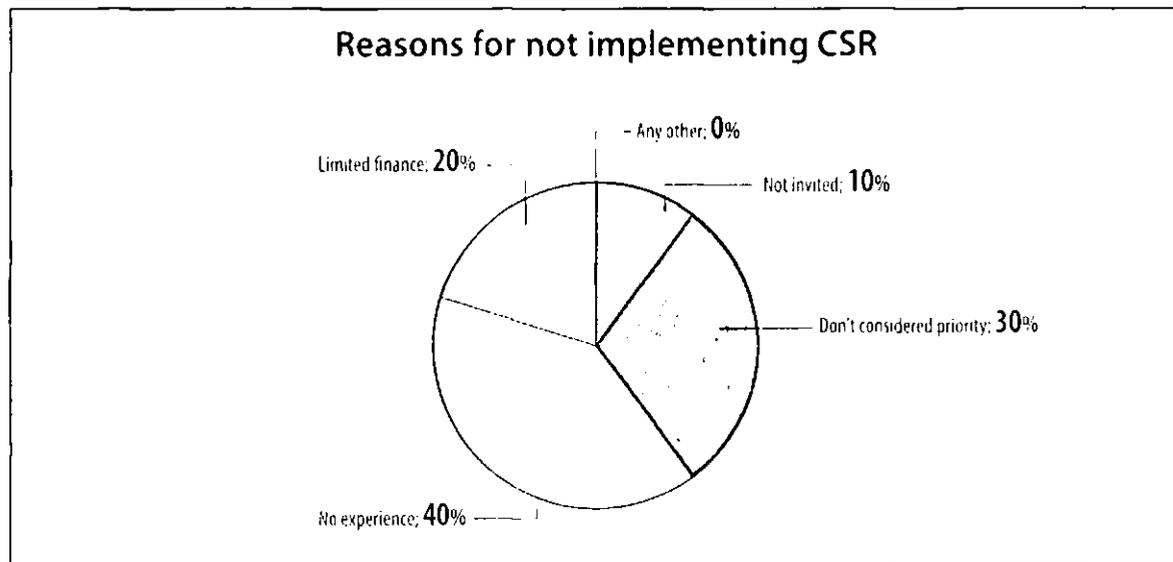


Graph 4: Organizations present CSR activities

From the analysis, it can be concluded that, out of 60% respondents who are implementing CSR activities, all are implementing Environmental policies (like energy conservation, waste minimization and recycling, pollution preservation and protection of the natural environment). As well as, all are implementing Marketplace policies (like displaying clear and accurate information and labeling about products including it's after sale obligation) and only 52% are implementing Community Policies (like giving financial support and employee time to local communal activities).

Market polices are implementing because these are directly related with company's

profit. On the other hand environment policies are mandatory by government laws. There is no such mandatory obligation for social policies. So, there is a need of improved laws with respect to CSR. Moral responsibility of companies towards society should be boosted at least at local level. Initiatives should be taken from Industrial Corporation. The above study demand more on team work than individual work for CSR. Many of small industries are ready for implementation but they have lots of constraint, still the survey shows all companies are ready to come under one umbrella and ready for major task for society.



Graph 5: Reasons for not implementing CSR

Respondents were asked to give reasons for not implementing CSR. From the analysis it can be conclude that 36% of the respondents have told that they have not relevant experience, 32% have told that they don't considered it as a priority,

As respondents are small-scale industries entrepreneurs, they are fighting for survival rather than CSR. Hence, they are not implementing CSR. In addition, they also have limited finance, so, they are not implementing CSR. In addition, most of the respondents

respond that they do not have relevant experience, so their industrial associations can conduct training programme, workshops, and seminars on CSR. Conferences can be organized to communicate global CSR activities with Corporate. As discussed above if any Association will take lead, other companies can take part into that. The respective Municipal Corporation can also organized invents and request for participation. It was born out of a desire to serve the underprivileged in and around Nashik and to spread the, message of healthy living among the Nashikites. It involves the funding of various long lasting and productive projects undertaken by NGOs and charitable organizations in order to enable them to become fully independent. The first Nashik Run was held on 11th January 2003. Synergizing of the efforts and resources of the corporate in and around Nashik for a single common social cause.

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