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Corporate Social Responsibility: Ultra Tech Cement Company Initiatives from South India

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ABSTRACT

Corporate social responsibility (CSR, here after) may be understood as a system which provides business for producing and distributing wealth for the development of its stakeholders by integrating its management with ethical systems and development practices. Service to the society is very implicit to corporate because they draw profit from the dwindling resources available from the locality where they are based. CSR is the most appropriate tool to serve the society. In the paper an attempt has been made to highlight livelihood activities initiatives of Ultra Tech Cement Company (UTCC) located at Tadipatri mandal of Anantapuram district of Andhra Pradesh state, south India. The UTCC is actively involved in livelihood, social issues, infrastructure, education and health activities in the rural areas. The UTCC provides help and support to the self help groups (SHGs), more especially, poor women in livelihood activities. Large scale number of the villages of that particular area is dependent on the UTCC for livelihood activities for their survival in that place. This signifies that rural women participating in the activity for individual, social development and which indirectly lead to the community development. The Aditya Birla trust under the support of UTTC provides training for rural women in the areas of tailoring, conduct of health camps for rural development and awareness programs in agriculture related activities. They provide employment for the local people for the individual, social development on a sustainable basis.

INTRODUCTION

CSR really started way back in the 1920's but owing to the Wall Street Crash and World War II, the concept failed to establish as a respectable subject for discussion among businessman until 1950's. The idea of CSR entered the business limelight in 1951 with the chairman of the board of Standard Oil of New Jersey, Frank Abrams, publishing an article in Harvard Business Review, in which he suggested that it was business' responsibility to: "to conduct the affairs of the enterprise to maintain an equitable and workable balance among the claims of the various directly interested groups, a harmonious balance among stockholders, employees, customers, and the public at large". In 1953, Howard Bowen, produced the first significant scholastic work in the form of The Social Responsibilities of the Businessman. In it, he laid down the CSR definition as: "the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society". Over the next few decades: The meanings of CSR, CSR practices and adoption of CSR grew. Philosophies like trusteeship of management, Christian ethics and equilibrium between the power balance between business and society were made popular.

A research commissioned by the Committee for Economic Development (CED) in 1970 added a paradigmatic view into CSR debate stating that a balance between social and economic objectives was necessary. The model of 'enlightened self-interest' contributed to the acceptability of CSR by businesses. Although it was not accepted until Carroll (1979) provided a theoretical model known as the corporate social performance (CSP) model, in which CSR, social issues and social responsiveness were seen as the principal strategy to be socially responsible. Even though the CSP model improved CSR philosophy, it has not gained the much needed popular support because the model was not able to measure and test the model.

The progression of CSR was continued by academicians and businessmen, who directed business strategy toward CSR initiatives. In this period the stakeholders issue gain a high prominence in CSR debate due to the researches by prominent academicians like Peter Ducker (Lee, 2008). This perception of the importance of stakeholders in the eyes of businesses over shareholders, contradicted Nobel laureate Milton Friedman's thought that "there is only one responsibility of business, namely to use its resources and engage in activities designed to increase its profits." The addition of strategic philanthropy, innovation, environmental sustainability and transparency illustrates the multidimensional and pervasive CSR, which has become a fundamental element of management strategy. And the recent development focuses the business operations' impact on corporate financial performance and the measurement of CSR activities which leads corporations to realize the strategic importance of CSR through the impact it will lead to the businesses. Among many scholars working on CSR Archie Carroll has the reputation as most esteemed researcher due to his definition of CSR. Firstly, in terms of business and economic principles, a business firm must make profit in order to run business. A business firm must be able to meet the obligations placed on it by the countries in which it operates and to comply with the laws.

Secondly, Carroll thought that complying with laws is not enough, so an ethical responsibility that a corporation has toward society is essential. Third dimension of the definition also relates to the impact toward society and it can be called a discretionary 33 responsibility (like philanthropy). Despite giving a four-fold definition of CSR, Carroll realizes the ambiguity of the phrase "social responsibility": The term social responsibility is a brilliant one; it means something, but not always the same thing, to everybody.

DEFINITION OF CSR

Despite its long history and rich resources, in-depth studies, and successful examples for business use, there still remains no universally recognized definition of CSR. With this dilemma, it is not surprised that 46% of executives admit there "is significant room for improvement". The number of corporate failures, such as BP, Toyota, and Enron, after they were considered to have adopted CSR indicates its complication. A failure to gain consensus does not mean that there should not be new definitions proposed. To provide remedy to the situation, a new definition for CSR should be released so that universal standards and values can be established so as for corporations to achieve their aims successfully. In this respect, the following provides a definition which is comprehensive and applicable in a broad scope and makes corporations fulfill their CSR aims possible. Corporate social responsibility is defined as a business system which enables the production and distribution of wealth to benefit its stakeholders by way of adoption and incorporation of the ethical system and sustainable management system.

The definition above has a number of characteristic similar to that of other definitions, but, in subsequent chapters we will show how there are many different aspects and contributions, compared with that of previous ones. The aspects above will add value and new insight of CSR to corporation so that corporations can obtain their aims successfully. It is notable that a system thinking concept is applied here so that we can manage the system "by focusing on the interrelationship between the various parts rather than linear cause-effect chains, and seeing processes of change rather than static snapshots". The explanation for system thinking can be summed up as below:

A system is a whole, composed of two or more parts, that meets the following five conditions:

1. The whole has one or more defining properties or functions.
2. Every part of the set can effect the behavior or properties of the whole.
3. There is a subset of parts that is sufficient in one or more environments for achieving the defining function of the whole; each part in this subset is necessary but insufficient for achieving this definition.
4. The behavior or properties of each of the essential parts of the system depends on at least one other part of the system.
5. The behavior of any subset of essential parts on the whole depends on the behavior of at least one other subset of essential parts.

If the parts of CSR are individually managed, the whole system will be failed due to missing critical properties or functions. Also, by means of improving parts of the system individually, the CSR will probably be failed instead of achieved. In a sense that, by the integration of system thinking approach, the corporation will be able to meet the society's requirement. Unique features include: by adopting system thinking approach in CSR, corporations will get benefit from the requirement of the society and their stakeholders. Traditional concept of CSR was dealt as different parts and linear relationship between each other; it did not recognize them as a system as we proposed.

There are systems that impact the behavior and structure of the system: system flows that impact behavior between each other. They enable the interdependence between each of the parts, thus reinforcing the whole system; keep the system balanced. If the parts, namely producing and distributing wealth, stakeholder management, ethical system and sustainable management system, of the system are individually handled or a component is excluded, the CSR system will collapse due to failure of meeting requirements. For example, the breach of ethics is not sustainable business practice and thus would cause certain harm or loss to some of the stakeholder, thus the system would fail to achieve the function, producing and distributing wealth. Managers ought to understand dynamic complexity of CSR, not detailed complexity of individual parts, to be successful. Corporate responsibility is that corporation ought to produce and distribute wealth for stakeholders. That is contrary to some of the definition, where profit, commercial success, and economic development are often associated with the corporation's financial obligation. This point of view adds that the wealth that corporations have been producing and distributing is really for their stakeholders, not merely the shareholders, and therefore serves society well. Wealth is created and then distributed to stakeholders either through salaries, goods supplied by suppliers, profit taken by owners or capital investment, or the payment of taxes that benefit the whole society. This is very crucial to the corporate social responsibility because if without it, the corporation would not exist, therefore, no wealth can ever be created for the stakeholders.

If the corporation does not have sustainable management system, then the business would suffer profit decrease, market share reduction, or even competitive advantage loss and hence can not fulfill the aims of the corporation itself. Stakeholder benefit is an essential element for an effective CSR program; a corporation generally causes an effect upon a single stakeholder, many stakeholders, or even all of them at the same time. Therefore, the company must realize the importance of its constituency and take its concerns into account when implementing business activities based on sustainable management system. It is true that in globally managing stakeholders there exist complexity and dilemmas but they can be addressed effectively through strategic stakeholders management.

For instance, If the corporation takes care of its investors' benefit only at the price of terminating employees to gain more profit; consequently all employees will lose their job and the economic situation will go downhill. Another example, when an investment is based on maximization of profit at any cost, corporate decision may also negatively impact the environment, resulting in a disaster in public relations when the public or NGO get informed of such business activity. Both of the two examples prove that a company which does not have a sustainable management system will not manage its business sustainably. Furthermore, managing a number of stakeholders is really complex and critical; a well-managed stakeholder relationship will contribute to the well-being of the company.

METHODOLOGY

Location of the Study

The Ultratech Cement Company Ltd., where the present study is based on the location called Bhogasamudram village of Tadipatri mandal of Anantapuram district in Andhra Pradesh, south India. The research paper based on the primary data as well as secondary data. For primary data, the study is an empirical fieldwork and field research conducted in Bhogasamudram village. Secondary data has been collected through the various published materials as well as web sources. Published materials refer to journal articles, books and reports prepared by the Government and non-Governmental agencies. Various issues covered by secondary sources pertain to the impact of CSR activities on rural livelihood, rural development, and others.

The primary data has been collected through direct observation (participant as well as non-participant observation), interview with key informant, and case study. Structured questionnaire was used to elicit information from rural people or rural community and also CSR officers from the company from the village under study.

Livelihood Initiatives

The major activities taken up under CSR are of five types, namely, education, health care, livelihood development, infrastructure and social well beings. This paper deals with livelihood initiative activities only.

Meaning of Livelihood

The activities and decisions taken by family and lead to higher income, lower expenditure and reduction of risks, an individual has a livelihood when he or she is occupied, meaningfully, dignified, sustainable manner. There are primarily 3 types of livelihood activities; farm based, forest based and fisheries based livelihood. Also non-farm livelihood activities that include, teacher of government schools, medical staff, police, service in factory, individual employee, doctor, artist, etc. Wages employment and entrepreneurs are also part of livelihood activities.

In Ultra Tech Cement Ltd., Tadipatri money on CSR is used for the following livelihood activities, which falls in 2 categories: Farm based and non-farm based livelihoods. Activities under farm based are Health camps, veterinary camps, providing sheep, cattle insurance and mobile soil testing. The non-farm based activities are Women entrepreneurship, interest free loans for SHG's, Formation of farmers' clubs, tailoring, making penal and modern product of jute products.

SOCIAL IMPACT ON LIVELIHOOD AND SUSTAINABLE LIVELIHOOD

CSR program's effects based on UltraTech Cement Ltd, Tadipatri sample. The activities were categories as; 1) Education, 2) Health, 3) livelihood, 4) Infrastructure development, 5) Social well being. Sustainable Livelihoods peoples of target villages has poor standards of living. Providing of livelihood has increased the standards and impact on decreasing the drop outs in education, reduction of inequality between genders in education and the increasing the standards of health and decreasing of malnutrition. Through non form livelihood jute bag unit run by the women entrepreneurs 35 women are benefited by which they are receiving Rs 4000 per month each. The group has been serving as a role model for other groups. The free interest loan to women SHGs provides loan for 75 women groups worth Rs 6 lacks and 75 % are getting returned. Through form livelihood program training program to them was provided by veterinary assistant surgeon about the veterinary practices, it was attended by 33 women on 27-03-2014. The loan facility provided by IDBI Bank for women entrepreneurs to improve their standards of living. Veterinary camps are organised on 04-07-2014 and in which around 94 mulching animal's and 250 sheep were provided vaccination, treatment and other like operations (Family planning for dog) are conducted. Farmers club formed by UTCL is registered successfully under government on 20-05-2014. This is the first society formed by UTCL, which conducts sensitisations to farmers through Horticulture department.

Distribution of Sheep to target villages 50 families benefited on 2011-12 year, increase of expenditure form 5.08 (2009-2010) to 17.98 crs (2013-2014) and which benefited 1138 families.

CASE STUDY: SPORTY JUTY

Officials of the Aditya Birla Grameena Vikas trust attended an exhibition in Vijayawada district. Jute bags stall caught their attention. They took the address of the jute manufacturing unit and later the trust members visited Aparna Jute Creation industry. Initially, they hesitated but later agreed to train members. They visited Vikas trust and provided training for the SHG members and poor people in their focus villages. She spent 2 months in Vikas trust along with Nagalakshmi and Bala providing training to the women. In the beginning, 13 models were shown but now the trained women produce 45 models.

The different steps involved in preparing jute bags are:

1. Raw material collection
2. Preparation of raw material
3. Designing
4. Stitching
5. Printing
6. Marketing

Raw Material Collection

There are 4 types of materials used. (A) Oxford jute - purchased from Gummadi Pudi, Chennai, Yuvaraj Jute Fabrics (proprietor Sri. Hemabhushan). Plain oxford jute costs between 110-120 Rs, while the designed one costs 130-140 Rs. (B) Laminated jute - procured from east India cooperative corporation, Krishna Hessians, kottoor-534001, AP. (C) Non woven material from kacchi polymers, Hyderabad. (D) Threads, zibs, runners, Velcro, adjuster from PN Traders, chatter bazaar, Hyderabad. By using wastage jute materials, the SHG women and trainees create jute flowers.

Preparation of Raw Material

Raw materials collected are made ready in various shapes, sizes, width and length depending on the bag type.

Design

Different kinds of bags such as laptop, conference, ladies, school, lunch, market, and file folder bags are made. Two types of designs are available – plain and printed.

Printing

Printing is applied only to the printed bags. The print designs are distinct for each bag. For example, school bags are imprinted with school names and emblems, and can be printed in various colours based on requirement.

Stitching

Vikas trust provides modern stitching machines and an appropriate infrastructure for the SHG women to prepare the jute bags. The women stitch the bags as per the design.

Marketing

At present, there is no exclusive marketing facility, and the bags are manufactured only on orders. However, the unit receives regular orders for some standard products, namely Macro media, Bhashyam school bags, occasional function bags, and album bags. They are in the process of partnering with "More marketing Private Ltd." to supply all the necessary jute bags all over India.

SATISFACTORY LEVELS ON JUTE WORKS

CSR activity in jute works on average there were mostly the women had moderately satisfactory level and some women were satisfied, most of them desire steady income through this activity. Marketing facility is the only problem there was lack in the facility; this is the most disadvantage in the jute work enterprise so the jute enterprise members participate in the exhibition and show their products and improve their marketing channels. So the exhibitions are below listed:

Exhibition

1. **Madakasira:** This mandal was in the Ananthapuramu district, there was an exhibition was conducted Angasansuki in she visited Ananthapuramu district at Madakasira village. So in that exhibition they were kept in this jute project.
2. **Tirupathi:** This tirupathi was located in the Chittor District. There was lepakshee hub exhibition which they were show their product.
3. **National Institute of Rural Development – Hyderabad – 2013:** This institute was located in the Hyderabad; in the 2013 this exhibition was conducted in this institute. They were participate in this exhibition and show their jute product.
4. **Infosys:** This company was located in the Hyderabad; in the 2013 exhibition was conducted in this company. They were participate in this exhibition and show their jute product.
5. **Ramoji Film City:** This film city was located in the Hyderabad; in the 2013 exhibition was conducted in the film city. They were participate in this exhibition and show their jute product.
6. **Saras Exhibition:** This exhibition was located in the Hyderabad; in the 2013 exhibition was conducted in this institute. They were participate in this exhibition and show their jute product.
7. **Telugu Maha Sabha:** This exhibition was located in the Ananthapuramu; in the 2013 exhibition was conducted in this institute. They were participate in this exhibition and show their jute product.
8. **TTD Exhibition:** This exhibition was conducted in the Kurnool district at TTD kalyanamantapam; in the 2014 exhibition was conducted and they were show their products.

So through exhibition they were showed and sell their product, the first order they got was from the Macro Media enterprises, Hyderabad. The first order they got was for 1000 photo albums, it was paid to the tune of one lakh rupees per month, The average cost of the bag was 130 rupees per bag, The macro media an enterprise were still continue their order with 700 to 1000 bags per month. This was the best initiative by the CSR activity for encouraging the SHG's/poor women on their community villages/rural villages, Later the marketing channels slowly improved, i.e. The Bhashyam school bags, functions, more megastore proposals, white house (wine shop), gift bags etc., The backbone of this jute industry was the Adithya Birla Grameena vikas trust.

CASE STUDY: SHEEP DISTRIBUTION – RURAL PEOPLE

Majority of the rural people are dependent on agriculture and the allied sectors. They provide self-employment to the rural people through different livelihood activities. The company distributes sheep units to the rural people to enhance their livelihoods. The UltraTech does not offer jobs for everyone, especially for people from the focused villages. Therefore, in the form of CSR activities they give self-employment to the farmers.

Sheep Distribution

As part of the CSR activities they distribute sheep to the rural people, specifically. They distribute 50 units of sheep to the farmers; each unit contains 9 ewes and one ram and it costs Rs. 35000 per unit. The distribution of sheep was taken place in the Bhogasamudram village where UltraTech officials organized a camp and distributed sheep in 2011-12. I surveyed 10 rural people to get the information about sheep development and participation in the distribution program.

CASE STUDY ON LIVELIHOODS

The majority of rural folk wants job from UltraTech Cement Company. Mostly the people sold their sheep according to their necessity. For instance, Mahalakshmi sold their sheep, and invested their cash for marriage purpose. Some people are preserved their sheep, and improving their livelihood.

N. Siddaiah has 10 sheep, and improved into 65 sheep for a span of two years, and bought some more sheep to keep his sheep stock sustainable. Some very few people are utilized self-employment sources for the long term basis. The majority of the people, sold their sheep for the short term benefit purpose. N. Siddaiah has improved their sheep worth to 1.90 lakh for the span of 2 years. The others many persons sold their sheep for the short-term benefit to the 35 thousand.

CONCLUSION

Corporate sector serving the society has become necessary as their money is made from Resources. The corporate realizes the fact that it is a necessity for them to serve the society as they are depleting resources from the locality where the organization is functioning. CSR acts as the solution to cater the society. UltraTech Cement Ltd located at Tadipatri at the operational level, are catering the 10 villages located around their plant. The focus areas of the CSR activities include health, education, livelihood, infrastructure social cause and environmental protection etc. In the form of livelihoods to those in need they supply sheep, poultry, she-buffalo and she-cow; either through PPP (public private partnership) or PPP (private private partnership). Prior to initiation of any such program preliminary training and sensitization to rural population concerning which program are need of the hour. For instance when the organization donated 9 ewes and 1 ram to the rural population, only 4% utilization of these opportunity has been observed. Consequently they managed to reach 60 ewes and 4 rams by the long run. The remaining portion of the population sold their ewes to garner money and spent for their personal purposes rather than a productive activity thus lose out on the opportunity to become self employed given by the corporate.

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