



ENSHRINING THE SPIRIT OF CSR: INDIAN AUTOMOBILE INDUSTRY

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ABSTRACT

Corporate Social Responsibility (CSR) is the concept which is implemented by organizations to address all the stakeholders' ethical, legal, commercial and other expectations towards its business decisions. The concept of CSR has emerged as a combination of concept of corporate citizenship, strategic philanthropy, shared value, corporate sustainability and business responsibility. The Indian automobile industry, which contributes 7.1 per cent of India's Gross Domestic Product (GDP) is one of the largest in the world. It is indeed interesting to investigate the initiatives Indian automobile majors have adopted, as socially responsible corporate citizens. The present paper has made an attempt to look into the various CSR activities, adopted by four Indian Automobile majors.

Key words: Automobile industry, Corporate Social Responsibility, Ethics, Governance, Sustainability.

INTRODUCTION

Corporate Social Responsibility (CSR) is the concept which is implemented by organizations to address all the stakeholders' ethical, legal, commercial and other expectations towards its business decisions (<http://indiacr.in/concept-of-csr/>). The concept of CSR has its origin in philanthropic activities. However, at a later stage, the concept of CSR has emerged as a combination of concept of corporate citizenship, strategic philanthropy, shared value, corporate sustainability and business responsibility (<https://www.linkedin.com/pulse/corporate-social-responsibility-indian-context-anshuman-biswal/>). CSR framework operates as a self-regulatory mechanism which helps a company monitor and ensure its compliance with the spirit of the law, ethical standards and national or international norms (social, business, ethical, moral, and so on) [Rasche et al, 2017].

The United Nations Industrial Development Organization characterizes CSR, as an administrative idea, whereby, organizations integrate their environmental, social and economic imperatives into their business operations and aim to achieve the monetary, ecological and social objectives (Triple Bottom Line Approach), keeping the interests of all the stakeholders in mind (<https://www.unido.org/our-focus/advancing-economic-competitiveness/competitive-trade-capacities-and-corporate-responsibility/corporate-social-responsibility-market-integration/what-csr>).



The key elements of CSR include the following:

Governance: The Company, following the CSR practices, should be transparent and should conduct its activities in accordance with the legal standards. The company having a good policy of corporate governance in a company helps them to have a sound knowledge of their corporate objectives of corporate and also helps them in protecting the rights of shareholders.

Business Ethics: It relates to the ethical practices which are being followed by a company. This has been defined as how the company combines the values, such as, trust, respect, honesty and fairness into the policies and their decision-making process. This takes into consideration as to whether all the rules and procedures are being complied legally or not.

Workplace and labor relations: A company, following good CSR practices, can help in maintaining cordial relations among the laborers. It can also contribute in the improvement of health and safety among the employees of the company and also in the maintenance of healthy balance between the work and non-work aspects related to the life of the employees. It helps in the recruitment of new employees and make the employees stay longer at the company with a positive attitude and reduces the costs of recruitment and retraining of the employees.

Affirmative action/good practices: There are many activities, which show that whether or not the company has adopted the CSR practices, while manufacturing the goods and services. The activities include providing of equal opportunity to all employees, the guidelines on prevention of sexual harassment and HIV/AIDS at the workplace, and so on.

Supply Chain: The process of the business is concerned with the entire supply chain which is a part of the production of goods and services and it is not only limited to the internal operations of the business. The business can be adversely affected, if anyone from the supply chain, neglects the environmental, social, human rights or other sides, while producing the goods and services. Hence the company should make a plan on how to deal with the entire supply chain management so that the shareholders are benefitted.

Customers: The goods and services produced by the company are focused on customers only. Although the customers do think about the cost and quality of the products and services, these are not the only issues with which the customers are concerned. The customer's loyalty, satisfaction and relief are dependent upon how the products are being manufactured by the company, keeping in mind the environmental issues, due to an increase in awareness and means of communication.

Environment: A company is required to go beyond the statutory requirements to provide environmental benefits as only to adhering the legal requirements is not enough for the company activities to be termed as CSR. It is essential for the company to find environment-friendly solutions for natural



resources. There should be reduction in the adverse effects on environment through the emission of the harmful pollutants as well as the company should focus on producing the goods, which are eco-friendly, and not harming the environment in any ways.

Community: Community is the main shareholder to the business and the company functions in it. Direct connection with the community and the evaluation of risks and issues faced by the people who are living around the company are the main factors on which the interaction of the company with the community is dependent upon. This has improved the brand image of the company and has resulted in positive changes to the lives of the people as the activity of interaction with the community has given a community- focused CSR strategy. The involvement with the community are of two types- direct and indirect which is done through the raising of funds and certain other help rendered for the projects of the community, which is implemented by the local agencies.

COMMON CSR PRACTICES ADOPTED BY THE COMPANIES

Some of the common CSR practices adopted by the companies are as follows:

- **Environmental sustainability:** recycling, management of waste products, management of water so that the water is not wasted, using materials again which can be reused and promoting greener environment are included in this.
- **Interaction with the community:** The community involvement means the interaction of company with the community to understand the problem. This consists of raising of funds for the charities, donations, providing employment to the non-workers, encouraging economic growth of community etc.
- **Ethical marketing:** Those companies which want to have a good image in front of the customers are required to present all the data related to the production of goods and services. They must not present wrong information about the CSR practices followed by them as customers are the most significant stakeholders. So they must keep in mind not to falsify information.
- Promotion of CSR efforts done by the company helps the company in building a brand image among the customers, holding the customers for a longer period of time and creating goodwill and maintaining cordial relationship with the shareholders.



THE INDIAN AUTOMOBILE INDUSTRY

The Indian automobile industry, which contributes 7.1 per cent of India's Gross Domestic Product (GDP) is one of the largest in the world. In this industry, Two Wheelers segment owns with 80 per cent market share. India is a major auto exporter. Exports of Passenger Vehicles and Commercial Vehicles (CV) has been increased by 16.20 per cent and 4.99 per cent respectively, in April-March 2017, over April-March 2016. Government and automobile companies' latest initiatives are expected to result into marking India as a global leader in the two wheeler and four wheeler market, by 2020. The industry has recorded Foreign Direct Investment (FDI) of US\$ 17.40 billion during the period April 2000 to June 2017.

(<https://www.ibef.org/industry/india-automobiles.aspx>)

Along with the bright side, as mentioned above, automobile industry is facing certain challenges. For example, urban India is suffering from increased pollution level as a result of poor maintained and old cars. To salvage the situation, The National Green Tribunal has announced restrictions on old cars remaining on roads. Also, an alarming increase in the number of automobile accidents has been a matter of high concern for road safety (<https://www.futurescape.in/csr-what-the-automotive-industry-should-really-focus-on/>). The automotive industry is a major consumer of water for various production processes. Producing a car may use over 39,000 gallons of water, and increasing water scarcity is a major concern for the industry. Also, automobile industry is under pressure to use more renewable energy, in order to make the business more sustainable. Waste management is a key concern for the industry, as well. Auto manufacturing plants are responsible for producing production waste, scrap, end of life products. (<https://www.futurescape.in/csr-what-the-automotive-industry-should-really-focus-on/>)

In the above context, it is indeed interesting to investigate the initiatives Indian automobile majors have adopted, as socially responsible corporate citizens. Some of such major activities are stated in the next section.

CORPORATE ILLUSTRATIONS

In this section, CSR activities, adopted by four Indian Automobile giants have been discussed.

Maruti Suzuki India Limited

Maruti Suzuki India Limited is an Indian automobile manufacturing company. It is a market leader in the sector, and, manufactures and sells popular cars such as the Ciaz, Ertiga, Wagon R, Alto, Swift, Celerio, and, Swift Dzire. Maruti Suzuki has developed its Corporate Social Responsibility Policy ('Policy') in accordance with section 135 of the Companies Law 2013 and the rules made there under. The Company focuses on the community development, skill development, and, road safety, through the following programmes:



Community Development:

These programs aims to improve the well-being of the local community with projects, specifically designated for local communities and villages. Some of them are as follows:

a) Water and Sanitation: Projects are undertaken in consultation with the local community. Improving the availability of clean drinking water, upgrading solid and liquid waste management facilities, creating useful rural assets, and constructing domestic toilets for economically weaker families are some of the projects, which are undertaken by the company.

b) Education: The Company also aims to upgrade infrastructure of Government schools and enhance the all-round development of students and youth in the communities. The Company offers scholarships to the meritorious students from underprivileged and economically weaker communities and offer scholarships to orphan children, who lost their parents in the road accidents.

c) Health: The Company also addresses the issues with health care needs of the local community.

Skill Development:

These programs aim to develop the skill of local youth and community. The most significant initiatives towards fulfilment of such objective are:

a) Up-gradation of Government Vocational and Technical Training Institutes: The Company makes efforts to make the students corporate-ready, by improving the quality of training, imparted by the Government Industrial Training Institutes (ITIs). Initiatives are taken to upgrade the infrastructure, facilitate overall development of students and staff, provide industry exposure to students and staff and offer industry-oriented add-on courses. Another initiative is to elevate ITI Teacher's Training Institute and Government Polytechnics.

b) Skill enhancement in automobile trade: The Company feels that the students of automobile trade at Industrial Training Institutes (ITIs) and Polytechnic (government and private), need to embellish their skill-set, in order to avail employment opportunities in automobile service workshops. In view of tat, the company improves the training facilities, train the trainers, and, provision of study material and practical training.

Road Safety:

In order to play the role for responsible citizen in promoting road safety, the Maruti Suzuki promotes various activities. Some of them are:

a) Driving Training: The Company aims to increase the number of Maruti Driving Schools, with the focus on training the trainers to achieve higher impact in imparting quality driving training. The Company also aims to develop a low cost and scalable driving training and entrepreneur development model. This will also lead to a large pool of professionally trained drivers. The Company also wishes to sponsor driving



lessons to existing and new drivers from underprivileged and economically backward sections of society. The Company also provides refresher training course to commercial vehicle drivers (autorickshaw, truck, bus drivers etc.), in order to enhance their driving skills, and, knowledge of traffic rules.

b) Road Safety Education: The Company promotes road safety among people through print, audio and visual media. The Company also aims to design and initiate specific road safety awareness programmes for the school children, women and youth.

(<https://www.marutisuzuki.com/corporate/about-us/csr>)

Ashok Leyland

Ashok Leyland is an Indian automobile manufacturing company. It is owned by the Hinduja Group. It was founded in 1948. It is the 2nd largest commercial vehicle manufacturer in India, fourth largest manufacturer of buses in the world and twelfth largest manufacturer of trucks globally. Operating nine plants, Ashok Leyland also makes spare parts and engines for industrial and marine applications (https://en.wikipedia.org/wiki/Ashok_Leyland).

The CSR initiatives of the company is adopted to enhance the quality of the environment and life at large. Keeping this in mind, the company makes a conscious effort in manufacturing less-pollutant and more eco-friendly vehicles. Ashok Leyland invests substantially in research and development, in this regard. Following are some of the major Green Mission initiatives, taken by the company:

Product Development

- India's first CNG-powered Bus was introduced in 1997. Currently, over 6500 CNG busses ply in Delhi, Ahmedabad, Vijayawada and Mumbai.
- India's first Hybrid Electric Vehicle was displayed in 2002.
- India's first CNG Hybrid Plug-in Bu was introduced in 2010.
- India's first Hythane engine was developed in 2009, where 20% of Hydrogen is added to CNG to make the engine more fuel efficient and to emit less than normal CNG engines.

Ashok Laylnd is the India's first commercial vehicle manufacturer to win the ISO 14001 certification. It also achieved Zero Water Balance through rainwater harvesting, recycling and effluent treatment. Bhandara and Hosur plants have won many environment management and conservation awards instituted by external agencies (<http://www.ashokleyland.com/green-mission>).

Apart from the above, several other initiatives have been taken by the company. As a part of their CSR activities. Some of them are as follows:

Driver Training and care

The company trained more than 3.5 lakh drivers at their own Driver Training Institutes in Namakkal (Tamil Nadu) and Burari (near Delhi). This was done in view of developing well-trained drivers to ensure



the quality of road safety. The Company also launched 'All the Best', a scholarship scheme for top-performing drivers' children, in 2010, to facilitate the higher education. This scheme has been implemented by the company in association with its dealer TVS in Tamil Nadu. Along with this, child's father gets an insurance policy including hospitalization of up to Rs. 2 lakhs during the period of the scholarship.

Fun Bus Project

This is an innovative attempt made by the company, in Chennai and Delhi. This bus may be used by children of orphanages, Corporation primary schools and physically/mentally challenged children for a day's picnic. The seating arrangement of the bus has been specially designed, keeping the requirements of physically challenged children in mind, along with a hydraulic lift for the convenience of wheelchair-bound children (<http://www.ashokleyland.com/fun-bus>).

AIDS Awareness

Ashok Leyland is one of the pioneers who joined the initiative of Department of International Development, British High Commission, in generating awareness about HIV. As of today, almost 100% of employees are covered on awareness. Employees have been trained as 'Peer Educators'. These employees, as volunteers, help in spreading awareness. With the help of volunteers, the company organizes lectures, cycle rallies, film shows, exhibitions, etc. 'Seva Kendra' in Bangalore (an NGO backed by Rotary - TTK), RIDS (an NGO) in Hosur and Kingsley Community Centre - (an associate of Bill and Melinda Gates Foundation) in Krishnagiri, also work in this project. The company also have a Voluntary Counselling and Testing Center at Government Hospital, Hosur, where HIV tests are conducted (<http://www.ashokleyland.com/aids-awareness>).

Community Service

The company also runs several initiatives to serve the community. Help is extended by management and the union towards constructing buildings for government/private educational institutions, providing bore wells, bus shelters, streetlights and community television sets, donating buses, and, ambulances. During the Tsunami crisis, INR 1 crore was also contributed by the company, towards the relief operations for the Tsunami victims. The company is working with the Confederation of Indian Industry (CII) for fishermen community, as well, in the coastal region of Tamil Nadu (<http://www.ashokleyland.com/community-service>).

Bajaj Auto Limited

The Bajaj Auto Limited manufactures two-wheelers and three-wheelers. Bajaj Auto is a part of the Bajaj Group. The vision and philosophy of its Founder, late Shri Jamnalal Bajaj, is the guiding inspiration, behind the Corporate Social Responsibility (CSR) principles and activities of Bajaj Group. Bajaj Auto has adopted various initiatives, as part of their CSR activities. They are as follows:



Education

The Bajaj Education Initiative (BEI) and e-Learning Project are the most significant projects in the education field, propelled by the company. Both the projects are implemented by Jankidevi Bajaj Gram Vikas Sanstha. 76 low cost schools are covered under the BEI in the Pimpri-Chinchwad area of Pune, with the support from Bajaj in regards to infrastructure development and capacity building. The e-Learning project has been able to benefit more than 1550 schools in Maharashtra and Rajasthan.

Bhartiya Yuva Shakti Trust (BYST) also gets support from Bajaj, in order to train 25000 youth in Aurangabad and Wardha. The aim of such project is to create 1000 entrepreneurs in 5 years. Over 177 entrepreneurs have been created in first 2 years of the project.

Health

In order to implement the various health related CSR initiatives, Bajaj Auto works with a number of partners and NGOs. Projects on mid-day meals, clean drinking water, sanitation, blood banks, path lab services in remote mountain villages, breast cancer research, and vision care, are such projects, to name a few.

Yashwantrao Chavan Memorial Hospital and Bajaj Auto, in collaboration with The National AIDS Control Organisation, have been operating the Antiretroviral therapy (ART) center, which supports more than 5000 HIV positive patients.

Bajaj Auto has also joined hand with Sri Aurbindo Society, Puducherry, in order to set up the "International Center of Excellence for Integral Yoga".

Supporting armed forces and veterans

A handsome amount of INR 1 Crore was contributed by Bajaj Auto to the Armed Forces Flag Day Fund. Bajaj Auto Has also supported Paraplegic Rehabilitation Center at Khadaki, Pune also received support from Bajaj Auto with the contribution of 20 State-of-the Art wheelchairs.

Environment and natural resource

Bajaj Auto, along with Jankidevi Bajaj Gram Vikas Sanstha (JBGVS), a renowned NGO of Bajaj Group, has been working towards water conservation and increasing water availability, in order to tackle the issue to draught, in Maharashtra. In addition, JBGVS, with the help of BAJAJGroup Companies, in launching the Bajaj Water Conservation Project (BWCP) at Aurangabad. Bajaj Auto has also supported Paani Foundation, which works for water conservation work in Maharashtra.

Bajaj Auto has played a crucial role in supporting Swachh Bharat Abhiyan, as well. It participated in 'Bajaj Majhi City Taka-Tak' programme, which makes an attempt to keep Aurangabad clean, with minimal quantity of garbage going to landfills. This program is run by Civil Response Team, Municipal Corporation, Aurangabad and Confederation of Indian Industry (CII). Bajaj Auto also extended its to the



Indian Council for Research on International Economic Relations (ICRIER) in constructing new Green Building, starting in 2016-17.

Women empowerment

A dedicated Hall of residence for Women Research Scholars has been constructed by The *Indian Institutes of Science Education and Research (IISER)*, with the help of Bajaj Auto. Bajaj Auto has also supported the Banasthali Vidyapeeth (a women's university) and Kailash Satyarthi Children's Foundation, in various projects, such as in setting up a Hostel, Center for Automation, and, work for holistic development and empowerment of children.

Other significant projects

Bajaj Auto has worked with Sevagram Pratishthan at Wardha, on the project to renovate Bapu Kutir and other associated buildings. The renovation work of Raja Dinker Kelkar Museum at Pune, also received support from Bajaj Auto. Organizations, such as, Social Work Research Center - Barefoot College(Tilonia), Development Initiative for Self-Help and Awakening – DISHA (Pune), Chinmaya Organization for Rural Development (New Delhi), Prafulla Dahanukar Arts Foundation (Mumbai) etc., also receive support from Bajaj Auto.

(<https://www.bajajauto.com/corporate-social-responsibility>)

Eicher Motors Limited

Eicher Motors is a commercial vehicle manufacturer in India. The company's origins date back to 1948, when Goodearth Company was established for the distribution and service of imported tractors. Eicher Motors Limited (EML) Eicher owns Royal Enfield. Eicher which is committed to the welfare of the society and pays special attention to enhancing education and quality of healthcare facilities. Most significant initiatives are as follows:

Education

Eicher promotes Eicher schools at different locations in India. . These schools are recognized co-educational, English medium schools, and are affiliated to the Central Board of Secondary Education (CBSE).

The first school was named as the Alwar Public School, and was established in 1976-1977, in Alwar, Rajasthan. This school was started by Shankar Lal Memorial Education Foundation, an initiative by Eicher. This Trust is renamed as the Goodearth Foundation, later.

Second school promoted by Eicher was established at Parwanoo, Himachal Pradesh, and opened in 1993. This school it provides a lot of facilities for the development of the children and the aim of this institute is to be self-sufficient as well as modern with state of the art facilities. All facilities for the growth of the children are provided to inculcate competitiveness and motivation, among the students. Also, emphasis



is given towards implementing leader training to improve a sense of responsibility towards the community.

A year later in 1994, the Eicher School at Faridabad, Haryana, was inaugurated. The school has an aim of raising successful and responsible citizens and develop Indian cultures, the motto is children should learn and not be tormented, the aim is to make education a lot of fun and a happy learning experience.

Goodearth Education Foundation

In order to educate India's children, especially the girl children, Goodearth Education Foundation was set up by Eicher. In 1996, the project was started in Uttar Pradesh and later spread to Himachal Pradesh and Rajasthan. . The projects led by the Foundation aims to improve the capabilities of teachers, provide teaching resources to teachers, develop learning material, spread awareness about education, and, so on.

Dr Shroff Charitable Eye Hospital

Dr. Shroff's Charity Eye Hospital (SCEH) was founded in 1926. It is a non-commercial, non-profit Trust which aims to provide quality eye care to people from all the strata of the society. The Hospital has started the departments for ear, nose and throat care, as well. Since 1996, the Eicher group has been assisting this hospital in 1996 with funds and expertise.

(<http://eec.vecv.in/csr>)

CONCLUSION

Keeping the above discussion in mind, it may be said that, Indian automobile majors have been making sincere efforts to help different segments of the society. Education, Community development, employment, health and environment are the main areas, where companies have been contributing. Also, issues, such as, women empowerment, rural development, tree plantation, infrastructure, are of consideration.

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Rasche, Andreas; Morsing, Mette; Moon, Jeremy (2017). *Corporate Social Responsibility: Strategy, Communication, Governance*. Cambridge, UK: Cambridge University Press. pp. 6f. ISBN 978-1107114876