

Do Corporates Have Social Responsibility?

A Case Study of TVS Motor Company

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Corporate Social Responsibility (CSR) has come a long way since its inception. According to Neubert and Stroup (1987), popular consensus on CSR has changed from corporates' 'voluntarily doing good' to 'mandated' to now 'doing better by doing good'. In the present context, this paper analyzes the CSR of TVS Motor company by following a case study method. TVS Motor company is located at Nanjanagud, Mysore district of Karnataka. The company's disclosures suggest that it is taking up several initiatives to improve the conditions of the underprivileged in the society and make a positive difference in their lives. In addition to the community initiatives, TVS Company has been working with the NGOs, local authorities and institutions, and local leaders and government agencies. This paper mainly analyzes the CSR objectives of TVS Company, their capacity to identify social issues, implementation of strategies and changes in the strategies after globalization, social relevance of the issues addressed by the company, and the attitude of the decision makers in the company towards CSR.

Introduction

The World Business Council for Sustainable Development (WBCSD) based in Geneva, Switzerland has defined Corporate Social Responsibility (CSR) as “businesses’ commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life”. The WBCSD also indicates that “a coherent CSR strategy, based on integrity, sound values, and a long-term approach offers clear business benefits to business firms and contributes to the well-being of society”. The European Commission advocates CSR as “being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders”. In essence, CSR aligns a company’s business objectives and practices with social values and the welfare of the society. The interests of the stakeholders are included in this concept. This is referred to as

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‘the triple bottom line’, which measures the social, environmental and financial success of a company. Transparency and accountability are essential to achieve this.

The debate to answer the question whether business corporations have social responsibility is not new and dates back to 1970s when there were questions about the social responsibility of the corporation. In the market-oriented economy, the corporate sector concentrates only on making profits and it is a theoretically acceptable argument. The influential essay of Milton Friedman ‘Social Responsibility of Business’ first published in 1970 supports this argument and according to Friedman, profits and social causes are inimical to each other. He argued that there is one and only one social responsibility of business to use its resources and engage in activities designed to increase profits.

With globalization and privatization, the role of public sector has been declining in several countries. This gave greater responsibility to the corporate sector to serve the community and provide services, which were hitherto provided by the state. Apart from this, the need for sustainable development requires multi-pronged approach in which corporate sector has to play an important role as the user of environmental resources. This leads to the social intervention of corporate sector ranging from poverty alleviation, rural development to environmental protection.

Another important factor for the increasing demand for CSR is the awareness of the stakeholders and public pressure. With increasing awareness about the business environment, stakeholders are demanding greater opportunity to participate in decisions and accountability. Companies are regarded as socially responsible only if they provide greater participation for stakeholders and take measures for the welfare of the employees.

Corporate Social Responsibility is regarded as one of the strategies for sustainable business by the companies. This improves the image of the companies. The concept and operationalization of CSR has grown considerably since its inception. According to Neubert and Stroup (1987), popular consensus on CSR has changed from corporations ‘voluntarily doing good’ to ‘mandated’ to now ‘doing better by doing good’. In this context, this paper studies the CSR initiatives of TVS Company located at Nanjangud, Mysore district, Karnataka by following case study method. This paper mainly focuses on the CSR objectives of TVS Company, its capacity to identify social issues, social relevance of the issues addressed and the implementation strategy.

Primary data was collected from the beneficiaries located at Sindhuvally, Dadadahally, Byathahally, Chikkakanya and Doddakanya villages of Sindhuvally gram panchayat in Mysore *taluk* and local panchayat members and secondary data was collected from the records of TVS Company.

Models of CSR

Several models are proposed to understand the relationship between the corporate world and the society. According to Redeman (2005), there are three models explaining the relationship between the corporate world and society.

Model 1: It is a traditional conflict model, which projects that in neoclassical model there is a trade-off between social goals and profits. Since the firms consider only private costs while making business decisions, the social externalities are inevitable. Theoretically, in this model, there is no possibility for the corporations to be socially responsible.

Model 2: This model is based on the documented evidence that corporate social responsibility brings in rewards to the companies in the form of increased sales, better business, finding new opportunities, etc.

Model 3: According to this model, the decisions of the companies about social responsibility are independent of any tangible gains. In this model, the CEOs take initiatives mainly because it makes them feel good about giving back to the community and they consider it as their responsibility.

CSR in the Indian Context

Though several Indian companies are implementing CSR measures, published data on the initiatives is very scarce. Based on the available data, Kumar (2004) has mapped some of the CSR innovations of both public and private sector companies. He observed that promotion of human development and protection of environment are the major issues addressed by these companies through CSR initiatives. Based on the survey, Kumar (2004) classified the CSR initiatives in the Indian context in the following areas.

- **Community Development:** Majority of the corporations are following this model. It is being taken up either through their own foundation or contributing to the initiatives that support community development. Generally the interventions are in the areas of health, education and agriculture.
- **Environment Management:** Some of the companies are following the model of contributing to environmental management by complying with environmental standards like implementing ISO standards.
- **Promoting Human Resources:** Some companies are initiating measures to promote human resources and implementing better safety measures, etc. This is in the form of giving training to employees either in their own company or sending them out to improve their skills, implementing better safety measures, providing better compensation packages, extending welfare measures to their families and giving an opportunity to involve them in the management.

Corporate Social Responsibility is yet to gain popularity in India. According to a recent study by Karmayog (2007), out of 500 companies (largest companies based on the sales), 229 companies are not doing any CSR activities. Only four companies, namely, HDFC, Infosys Technologies, Tata Steel and Titan Industries are at level 4 and majority of the companies are at level 2. According to this survey, many companies are only making token gestures towards CSR in a tangential way such as donations to charitable trust or NGOs, sponsorship of each, etc. It is also observed that most companies use CSR as a marketing tool to spread the word about their business. Even among those who have taken up some CSR activities, their CSR funds are spread thinly across many activities.

TVS Company

The early initiatives of TVS Company were institutionalized by establishing Srinivasan Services Trust (SST) in 1996 with the objective of creating self-reliant communities for sustainable development in rural areas. It is the community development wing of TVS Company.

T V Sundaram Iyengar, founder of the TVS Group, and his son, T S Srinivasan, planted the seed of change through a vision of social service, inspired by Gandhian ideals. These men provided better living conditions for their employees. They firmly believed that the path to progress is by uplifting communities through education, healthcare and providing employment opportunities.

This mission of service has been carried forward by Venu Srinivasan, son of T S Srinivasan. He established SST in 1996. Under his leadership, SST's activities have been extended to 363 villages across four states of Tamil Nadu, Karnataka, Maharashtra and Himachal Pradesh. SST has the financial and managerial support of Sundaram-Clayton Limited and TVS Motor Company. This has enabled SST to bring high standards of professionalism.

The disclosures made by TVS Motor Company claim that it is taking up several initiatives to improve the conditions of the underprivileged in the society to bring a positive difference in their lives. The company has adopted 14 villages in Mysore *taluk* and 15 villages in Nanjanagud *taluk* near the TVS factory for sustained community development programs.

The Strategy of CSR Initiatives

The TVS Company has a separate wing to plan, implement and monitor their social initiatives. This wing is headed by a professional in social work. The social initiatives are planned in accordance with the overall objectives of the SST.

Another important strategy adopted by SST is collaboration with the local government and other NGOs. The initiatives of SST are complementing the efforts of the government. In all the villages, SST is strengthening the efforts of the government both in monetary and non-monetary terms. In monetary terms, SST is contributing money for the implementation of the program. In non-monetary terms, SST is helping in raising the community support and also monitors the implementation of the projects for sustainable benefits of the community.

Areas of Intervention

A number of interventions are made by SST in its operational area, which mainly focuses on improving the lives of the people. These interventions target both economic and social development to create an enabling environment for the people living in rural areas.

Agriculture

Since agriculture is the major occupation of majority of households in the rural areas, improving the returns from agriculture increases income of the households and creates

demand for other services provided by the local non-agriculture families. SST has made several interventions to improve the condition of agriculture. The interventions are in the form of spreading scientific methods of farming through training programs and exposure trips, land improvement modules, demonstration in the preparation of organic manure, distribution of organic fertilizers, etc.

In the field of agriculture, SST had planned to promote 80 farmer groups and by March 2008, 35 groups were formed. Intercropping was promoted in 3,760 hectares. Several awareness programs were organized. Soil testing was another important intervention so that the farmers can use optimized amount of required nutrients. By the end of March 2008, 1,542 soil samples were analyzed and recommendations were given to farmers based on the results. Due to these efforts, it was observed that yield had increased in 1,139 hectares during 2007-08. Thirty-seven veterinary camps were conducted to take care of the health of the cattle. Agriculture experts also visited farmers to provide field advice on improvement of production.

Human Development

Srinivasan Services Trust is addressing human development issues through its interventions in the areas of health and education.

Under the healthcare program, promotion of constructing toilets at the households, in schools and also in communities, were undertaken. During 2007-08, 844 households had constructed individual toilets. Seven toilets were also constructed in the community. The trust also helped in constructing toilets in 10 schools and 10 *anganwadis*.

Education is another important area contributing to human development. SST is concentrating on achieving universal enrolment and zero dropout rates and achieved this in operational villages. Under the SSA, Parent-Teachers Associations are promoted in order to develop community participation in school management. SST is considering maintaining these meetings so that they become meaningful in improving the quality of education. Apart from spiritual development programs, youth programs and cultural events are also organized in the villages to promote community activities.

Environment

Environmental issues are also addressed by SST in the form of promoting solid waste management and providing drinking water. The households segregate biodegradable waste from the garbage at their house and the garbage is collected by the members of Self-Help Groups (SHGs). This is converted into vermin compost. The *sanghas* earn money through the sale of vermin compost. Approximately 27 tonnes of compost is produced every month. Villages are motivated to construct compost pit and develop kitchen garden. Apart from this SST has constructed 1,409 individual toilets, 10 school toilets and 7 community toilets.

Providing access to safe drinking water is an important activity undertaken by SST. Seventeen schools and villages are provided with safe drinking water.

Community-Based Organizations

Promotion of local institutions helps in promoting collective efforts. SST has initiated the promotion of such institutions in the form of facilitating the formation of SHGs, Farmer's Associations (FA) and Cooperative Milk Unions, etc. Village-wise breakup of SHGs and FAs are presented in Table 1.

Table 1: Community Based Organizations (CBO)					
S. No.	Villages	Self-Help Groups		Farmers Group	
		No. of SHGs	No. of Women	No. of Farmers Group	No. of Farmers
1.	Sindhuvally	15	240	5	60
2.	Dadadahally	9	162	2	40
3.	Chikkakanya	4	54	2	39
4.	Doddakanya	5	71	3	53
5.	Byathahally	8	108	–	–
	Total	41	635	12	192

In Sindhuvally alone there are 15 SHGs. Several members of these groups have taken up income generating activities, both collectively and individually and these include some non-traditional activities like screen printing, public telephone booth, etc. Some activities like *chapati* making, flour mill and selling of milk are taken collectively. The *chapatis* supplied by these groups are purchased by the TVS Company itself, thereby creating a market for the products. Individual income generating activities like selling flowers and vegetables, running auto rickshaws, running shops, running hotels, etc., are taken up by the members by availing loans from the *sangha*.

Tripartite Partnership

Srinivasan Services Trust could develop a tripartite partnership with the local government and the local people. Some of the interventions of SST are in partnership with the government to which local contribution is mobilized. SST is able to complement the government interventions in terms of monetary resources and improving the quality of work by monitoring the work. In Sindhuvally gram panchayat, there is a successful tripartite relationship among the community- based institutions, SST and the government. All the three institutions are contributing towards the common goal of sustainable development. Due to awareness generation programs, the community is convinced that they have to contribute for the development of their village. The communities in Byathahally and Chikkakanya could mobilize the resources to the tune of Rs. 0.95 lakhs. Table 2 gives details about the community contribution, contribution of SST and government in different villages of Sindhuvally gram panchayat.

It can be observed that in the case of Chikkakanya though there is no government program, the community and SST could spend Rs. 18.92 lakhs. In all the villages, SST is supplementing funds for the development of basic infrastructure in the form of constructing

Table 2: Details About the Community Contribution, Contribution of SST and Government in Different Villages of Sindhuvali Gram Panchayat (Rs. in Lakhs)					
S. No.	Villages	SST	Govt.	Community	Total
1.	Sindhuvali	56.88	8.30	0	65.18
2.	Dadadahally	11.35	7.6	0	18.95
3.	Chikkakanya	18.22	0	0.70	18.92
4.	Doddakanya	36.45	5.15	0	41.60
5.	Byathahally	27.81	1.16	0.25	29.22
	Total of Sindhuvali Gram Panchayat	150.71	22.21	0.95	173.87

roads, providing drinking water and constructing toilets, etc., and also monitoring the works. In the words of the villagers, because of SST, the quality of works by the government is good. Due to the efforts of SST, an amount of Rs. 3.5 lakhs has been mobilized for the village development fund in Sindhuvali gram panchayat.

Economic and Social Gains of Being Socially Responsible Corporate

Under the competitive market conditions, the Indian corporate sector is increasingly concentrating on its social responsibility measures both for its own sustainability and meeting social goals. Globalization is one of the important factors under which the companies find it necessary to have CSR on par with the multinational companies to retain their pool of talent, which is one of the gains. Apart from this, the companies are understanding the other advantages of being socially responsible in the form of increased image of the company, less expenditure on training, increased sales and the satisfaction of giving something back to the society. According to Kumar (2004), CSR is emerging as a 'hard' commercial factor, linked directly to profits and brand value.

In the case of TVS Company, the advantages from the CSR initiatives, as perceived by the company, are multiple. First of all, the initiatives helped in gaining the confidence and support of the local people for the smooth running of the company activities. Secondly, the company is able to provide food for the factory workers at subsidized rate as the company procures it from the local SHGs. It is a win-win-case, where the market is created for the products produced by the SHG members on one hand and on the other, the company is able to supply food to its workers at lower cost. The food items like *papad*, *chapatis*, etc., are purchased by the company providing assured market for the products produced by SHG members. Apart from these gains, the company is able to attain the objective of creating self-reliant communities that are models for empowerment and sustainable development in rural areas.

Conclusion

The TVS Company has chosen the model of addressing social issues through a trust and it is professionally managed. The company is successful in identifying the social issues to be

addressed and has created a cooperative social environment for the company to work. The community is happy with the interventions. The company could successfully develop good linkages with the developmental work of the local government. Since majority of the interventions are in the form of providing infrastructure, the community is expecting more involvement of TVS Company in these areas in future. The CSR initiatives of TVS Company are a good example to show how a corporation can bring about changes in the lives of those living in and around the company. This model of CSR initiatives appears to be more useful for the community as it can help in building the capabilities of rural poor and give them an opportunity to lead the kind of life they want to lead. □

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