
Original Article

Sustainable stakeholder engagement through innovative supply chain strategy: An exploratory study of an Indian organization

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Abstract The business environment in the developing economies has changed dramatically due to major economic policies such as liberalization and globalization. The emerging competitive pressures in the business environment in recent years have demanded that firms examine their philanthropic and other socially responsible activities. Organizations have realized the need for aligning corporate social responsibility (CSR) initiatives with their specific business strategies. Nevertheless, such an alignment between CSR initiatives and business strategy has several organizational and managerial implications. In this paper, key dimensions of integrating stakeholder engagement through an innovative supply chain strategy are explored through a case study of a leading watch manufacturer in India. This exploratory study reveals that organizations can achieve business benefits while simultaneously serving the community by integrating suitable stakeholders as part of their business operations. It also shows that a deeper understanding of the needs of communities, appropriate societal mapping and organizational commitment will ensure success in integrating CSR and supply chain strategy. The paper concludes with implications for practice and directions for further research.

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Introduction

The responsibility of addressing social concerns such as poverty eradication, improvement of living standards and provision of education to those at the



subsistence level has been under the purview of governments. Owing to functional limitedness of government mechanisms and extensive privatization of government-owned enterprises, corporations have begun stepping in to fill the growing need for development. Organizations around the world have begun demonstrating interest in corporate social responsibility (CSR) and have also been introducing different forms of developmental initiatives. According to the World Business Council for Sustainable Development (WBCSD), CSR is the commitment of business to contribute to sustainable economic development, working with employees, their families and local communities. In general, CSR refers to a set of management practices that ensures that a company maximizes the positive impacts of its operations on society.

In the past, CSR was considered to encompass philanthropic actions and initiatives with a view of enhancing quality of life, providing education and health care, and so on. CSR has been found to be essential for successful business operations and as an opportunity for business to look beyond narrow economic returns and take wider social concern into consideration (Boatright, 1996). In the recent past, organizations have attempted to move beyond so-called 'arms-length' approaches to CSR and evolve pro-active strategies incorporating social requirements (Falck and Heblich, 2007). This research focuses on the managerial, organizational and societal facets of linking CSR with supply chain strategy in the Indian context. This is achieved by undertaking an exploratory case study of a leading Indian watch manufacturing company by closely tracing the CSR perspective of their innovative supply chain management practices. The paper is organized as follows. Relevant previous research is reviewed in the following section. The business context, societal mapping, supply chain strategy, implementation and outcomes are then described. The paper concludes with implications for practice and directions for further research.

Review of Previous Research

CSR refers to the engagement of an organization with society through a variety of activities such as philanthropy, legal compliance relating to human rights, fair wages, discrimination and environmental standards and shareholder value (Uhlener *et al*, 2004). However, in recent times, it is noted that practising CSR is not being philanthropic, but rather a way for both company and society to prosper and hence needs to be conceived as a strategy (Falck and Heblich, 2007). According to the Green Paper on CSR by the European Commission, CSR is a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis, as they are increasingly aware that



responsible behaviour leads to sustainable business success. An organization can affect stakeholders positively as well as negatively and conversely; actions of stakeholders can either facilitate or deter the firm from achieving its goals (Rowley and Berman, 2000). Therefore, corporations establish stakeholder management practices in order to address the needs and expectations of their stakeholders, to avoid negative effects and bring about benefits (Donaldson and Preston, 1995; Frooman, 1997). More precisely, authors have found that strong community relations are positively correlated to strong financial performance (Waddock and Graves, 1997; Margolis and Walsh, 2001; Orlitzky *et al.*, 2003). Andrews (1980) identified the relationship between corporate strategy and the economic and non-economic contribution to its shareholders, employees, customers and communities. Key and Popkin (1998) concluded that incorporating CSR into the strategic management process is profitable for business.

In the emerging business environment, only competitive and profitable enterprises will be able to make a long-term contribution to sustainable development without compromising on the social and environmental needs of society. In this regard, studies have indicated the importance of measuring the long-term return of CSR initiatives, whereas the focus of most CSR initiatives is short-term returns (Pava and Krausz, 1996). Therefore, strategizing CSR by appropriately aligning with business strategy is an imperative in today's context. Such an alignment demands conscious choices of participating in community issues that may bring competitive advantage to the firm. The way in which CSR initiatives are implemented has managerial relevance and is in harmony with the strategic importance of stakeholders (Dentchev, 2004). In order to align CSR with corporate strategy, practitioners have to shift from arms-length models of 'chequebook philanthropy' to an emphasis on partnerships that align with the firm's core competencies and strategically important stakeholders (Hemphill, 2004; Bruch and Walter, 2005; Porter and Kramer, 2006). Therefore, it involves new approaches for evaluating corporate social contributions and often means the corporation ceases to support some of its traditional social partners in order to pursue more strategically aligned partnerships (Epstein and Wisner, 2001; Zingales and Hockerts, 2003). Engaging stakeholders as part of the business operations requires more systematic planning and stronger determination on the part of the organization. It might require a concentrated and collaborative effort from the private sector, public sector and non-governmental organization (NGO) sector (Jamali and Mirshak, 2007).

Research outcomes relating to the direct relationship between CSR and profitability are varied. Burke and Logsdon (1996) address the contradictory results found in the research on CSR and financial performance linkage and seek to understand the conditions under which a firm jointly serves its own



strategic business interests and the societal interests of its stakeholders. In the context of linking CSR with business performance, Clarkson (1995) makes a distinction between primary and secondary stakeholders based on the importance of these constituents for the continued existence of the organization. Stakeholders expect that companies need to distribute value to their constituents. Although value creation by primary stakeholders to improve corporate performance is a well-established requirement, the role of secondary stakeholders, both in terms of their value contribution and approaches to mainstreaming, is also established.

Based on a theoretical analysis, Burke and Logsdon (1996) have identified five strategic dimensions related to CSR – centrality, specificity, pro-activity, voluntarism and visibility. Centrality refers to the closeness between CSR and the mission of the firm. Specificity relates to the firm's ability to capture benefits from initiatives concerned with social and environmental problems. Pro-activity refers to the propensity of a company to take measures in advance to counter future social and environmental issues. Voluntarism denotes the willingness to engage in pro-active social responsibility and is opposed to legal compliance. Finally, visibility refers to the extent to which internal and external stakeholders can view and recognize CSR.

Organizations have many opportunities to engage external stakeholders in their business strategy. In the emerging context of outsourcing, organizations can look for opportunities to link CSR with their supply chain. While linking CSR with supply chain strategy, Boyd *et al* (2007) have proposed the concept of socially responsible supply chains. Several authors have studied issues concerning programmes implemented by organizations within their supply chains aimed at ensuring suppliers act in a socially responsible way with respect to labour practices and/or environmental issues (Carter and Jennings, 2002; Welford, 2004; Boyd *et al*, 2007). In the context of developing countries, it is worth noting that while many companies do understand the bottom-line implications of their CSR performance, not many seem to be asking fundamental questions about whether and what kinds of responsibilities corporations should indeed assume (Jamali and Mirshak, 2007).

Researchers have indicated that the strategic importance of CSR is either inconsistent with other studies or found wanting for empirical support. It has been suggested that future research on the strategic relevance of CSR could be focused on exploring the positive and negative effects associated with CSR and empirically analysing the conditions under which CSR has a strategic importance and the practical value of such initiatives (Burke and Logsdon, 1996; Rowley and Berman, 2000; Dentichev, 2004). According to Salzmann *et al* (2005), researchers so far have failed to identify managers' key economic arguments used to drive corporate sustainability management internally, or examine how managers build these arguments to assess success factors and



barriers. Previous researches have also suggested in-depth case studies on emerging approaches of strategizing CSR which will be relevant to both CSR theory and practice. Based on these directions, the present research is focused on studying the business context, societal mapping and CSR initiative and integration of CSR with supply chain strategy.

Research Objectives and Methodology

The objective of the present research is to investigate the business context, strategy, implementation and effectiveness of integrating CSR with supply chain strategy, based on empirical evidences drawn from the Indian context. A qualitative case study approach was considered appropriate, given the little empirical knowledge on research relating to strategy and implementation of CSR as well as the exploratory nature of the research (Yin, 2003). Open and semi-structured interviews were used to collect data from those executives of the company who are directly associated with its CSR initiatives and supply chain management, including the CEO, head and managers of supply chain function, senior managers and executives of community initiatives and human resource managers. The interviews focused on the context of integrating CSR and supply chain strategies, initial processes involved in setting up the relationships, mechanisms used for long-term and short-term planning, economical aspects of the engagement, and so on. It also included interviews with the CEO and key members of the stakeholder group MEADOW (Management of Enterprise and Development of Women).

Interview sessions typically lasted for 45–60 min. Four to five sessions of interviews were conducted with the top management comprising the CEO, head and managers of CSR, and managers of supply chain of watches. Three sessions of interviews were conducted with heads and members (beneficiaries) representing the stakeholders. Field visits were made to observe the innovative approaches adopted by the company to promote socio-economic development through supply chain strategies and also to obtain first-hand knowledge on all aspects of CSR in the organization. Data were also obtained through ‘key informants’. In addition to the interviews, a survey was conducted among members of MEADOW to understand the impact on the stakeholders. Documents such as annual reports, reports detailing strategic plans and such others provided supplementary data. Aspects relating to the use of formal approaches for communication between MEADOW and Titan and the IT interface created to support communication were also studied through documents. Multiple informants and use of documents helped in cross-checking pertinent information and establishing reliability of the data.



Data Analysis

Based on the data obtained from the organization and its stakeholders, analysis relating to organizational and managerial dimensions of integrating CSR with supply chain strategy is presented. The case analysis encompasses a general introduction to the organization along with its products and markets, societal environment, and the focus and growth of CSR in the organization. A detailed account on how the organization has innovatively linked the supply chain with a specific stakeholder (MEADOW) is presented.

Tata Group and Titan Industries Limited

The Tata Group is one of the best-known industrial groups in India, with a turnover of US\$62.5 billion, which equals 6 per cent of India's GDP in 2008. It comprises 96 companies, operates on six continents and employs 350 000 people. Founded by Jamsetji Tata in the 1860s, the Group's early years were inspired by the spirit of nationalism. The Tata Group pioneered several firsts in Indian industry – the first private-sector steel mill, the first private-sector power utility, the first luxury hotel chain and the first international airline, among others. Its business operations encompassed sectors such as engineering, materials, energy, chemicals, consumer products, services and communications and information technology. The last decade saw the Tata Group evolve as a global conglomerate due to the increasing scale of its operations. Long known for its adherence to business ethics, the Tata Group is India's most respected private business entity.

Titan Industries Limited (Titan) was incorporated in 1984 as a joint venture between the Tata Group and the Tamilnadu Industrial Development Corporation Limited (TIDCO). The primary manufacturing facility was located in Hosur, declared by the government of Tamilnadu as an industrially backward area, and several concessions were given to industrial initiatives. The company had its registered office in Hosur and its corporate office in Bangalore, with offices in all the metropolitan cities in India. The company has been engaged in manufacturing and marketing quartz watches since 1987. In 1995, the company diversified into manufacturing and marketing jewellery under the Tanishq brand and it became a separate SBU (Strategic Business Unit) in 2000. Both these SBUs attained leadership positions in their respective product domains and have been looked upon to develop the market and lead the industry. Titan Industries has state-of-the-art factories at Hosur, Tamilnadu and assembly operations in three locations in northern India, with a highly skilled and dedicated workforce with 3000 employees, 25 per cent of whom are women. The company has been certified under ISO 9001 quality



standards and also ISO 14001 EMS standards. It is conscious of environmental issues and is recognized in this regard by the Hosur Industries Association.

The Indian watch market was estimated to be growing at 6 per cent during 2006, with an annual output of 39 million watches. Of this large market, only about 15 million are marketed by the organized sector. A significant milestone was achieved in 2003 when the company launched its 50 millionth watch. Titan enjoys market leadership with a market share of 60 per cent in the organized segment. The watch division consists of five business units – Titan, Sonata, Fastrack, new brands, retail service and precision engineering. The distribution network covers 172 ‘World of Titan’ showrooms, 128 ‘time-zone’ multi-brand stores and over 11 000 dealers. The service network covers almost 86 per cent of the watch population, with over 600 customer contact points. The company also exported about 10 per cent of its watches, primarily to the Middle East, Far East and Europe, and has topped the market in quite a few countries. The watch division contributes 45 per cent of the company’s turnover, which, including both watches and jewellery divisions, was \$800 millions in 2008.

Strategic priorities

The nature of the business has changed drastically in the decade from the late 1990s, due to its product range, customer segments and business drivers, which are largely driven by globalization. In the case of its jewellery business, the marketing and retailing expertise accomplished by Titan encouraged the company to get into other product categories such as ‘license brands and accessories’. Opportunities in overseas markets for existing and new businesses have motivated Titan to create an international business division, and Titan is present in about 30 countries within Europe, Middle East and Asia-Pacific. The key strategic challenges to the company are to improve profitability, maintain leadership position in the market place, strengthen and develop core competencies and leverage its human capital to attain company goals. These challenges were faced by devising strategies through organization-wide efforts. Some of the major strategic initiatives included: (a) brand extensions to other products, such as sunglasses and leather accessories; (b) deploying precision engineering skills to make precision parts and components for the automobile, telecommunications, aerospace and defence industries and (c) extension of customer service to other branded personal products and accessories. The company is set to achieve a turnover of \$1 billion by the year 2010.

Supply chain imperatives

Titan also has state-of-the-art manufacturing facilities and assembly operations in Dehra Dun, Roorkee and Baddi in northern India. Titan’s supply chain



vision states: 'Provide superior quality products at the right time in the right place and right quantity through a seamless supply chain at least possible cost. Through this supply chain we ensure high customer satisfaction and generate expected returns for stakeholders'. Until the late 1990s, Titan had operated under a protected economic regime, limited competition and a regulated environment. In an effort to enhance their competitiveness in the context of globalization, Titan turned its strategies towards building systems and technologies in order to improve their operational efficiency by lowering inventory costs, reducing cycle time and informed decision support. Titan is one of the organizations impacted by the external environment, that resulted in falling market share, increasing inventory costs, unfavourable cycle time and many other problems. It was a conscious decision to achieve end-to-end supply chain integration.

The growth of its business increased the complexity of the company's supply chain for watch components and assembly. It involved more than 2200 types of watches, 10 600 finished components, five manufacturing plants, 55 distribution areas and 35 vendor locations. Figure 1 depicts the complexity involved in the manufacturing and sourcing of watch components and assembly. The in-house facility comprises case plant, bracelet plant, module plant, ion and electro-plating facility and watch assembly lines. The first-level bill of material consists of nine components and there are five levels of bill of material for in-house manufactured watches. The supply chain challenges included: (i) increase market responsiveness market by reducing manufacturing and procurement lead time; (ii) optimize and achieve flexible inventories; (iii) reduce the cost of production and (iv) create highly flexible production capability.

Titan's CSR

Jamsetji N. Tata, the founder of Tata Group, reflected his vision to serve society by stating 'In a free enterprise, the community is not just another stakeholder in business, but is in fact the very purpose of its existence'. It is noted that nearly two-thirds of the equity of Tata Sons, the Tata Group's promoter company, was held by philanthropic trusts which had created a host of national institutions in community development, education and research centres, hospitals, scientific and cultural establishments. By combining ethical values with business acumen, globalization with national interests and core businesses with emerging ones, the Tata Group has aimed to be the largest and most respected global brand from India while fulfilling its long-standing commitment to improve the quality of life of its stakeholders. The Tata Group's activities on CSR were facilitated and energized through a central nodal agency, Tata Council for Community Initiatives (TCCI). A scoring

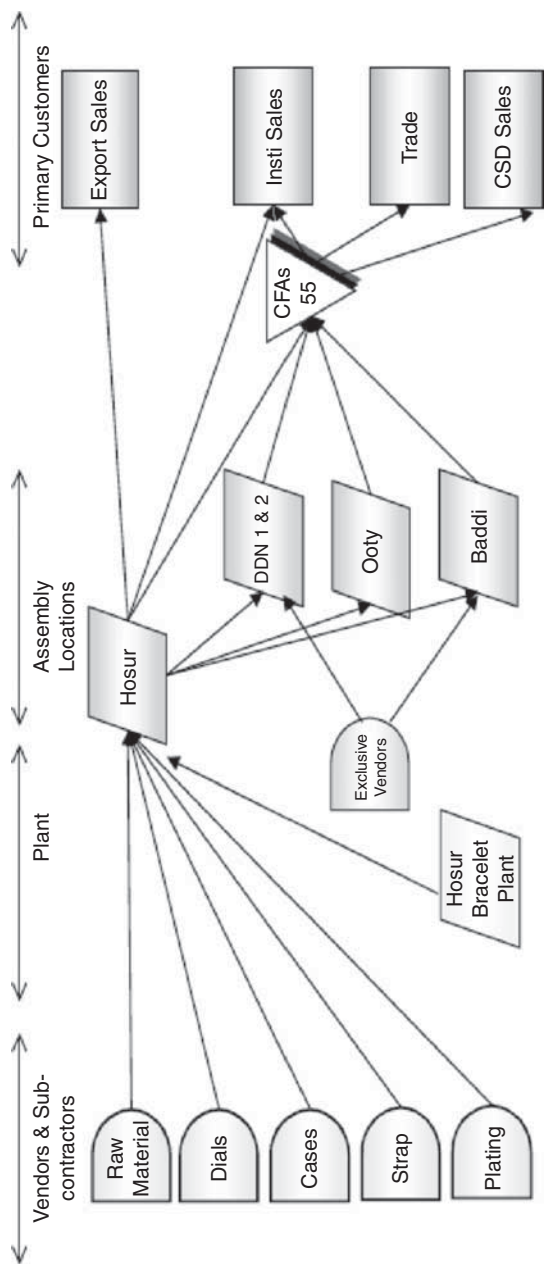


Figure 1: Manufacturing and sourcing.



process is adopted to provide a measure of assurance to the beliefs and core values placed on serving the community. The guidelines are mainly influenced by the Human Development Index (HDI) of the UNDP. The Tata Index is the only annual assessment mechanism for measuring the improvements brought about in 'quality of life'. The Tata Group has signed the Global Compact principles and believes in the importance of triple bottom line reporting, complying with GRI (Global Reporting Initiative) guidelines.

Right from its early stages, Titan has been sensitive to the needs of the community and environment. The company defined a set of community and environment initiatives and demonstrated the belief that bringing a smile to the community creates customer affection and ensures long-term sustainability. The prime manufacturing facility of Titan is located in an industrial town, Hosur, located in the Krishnagiri district of the southern state of Tamilnadu in India. Krishnagiri district has been backward in development for several reasons, including (i) low literacy rates; (ii) drought proneness and (iii) poor development in various parameters. Titan had initially defined Krishnagiri district as its key community; the district was one of Titan's key stakeholders, as its manufacturing divisions were situated in Hosur. The resulting rapid industrialization created a demand for both labour and services. This became a redeeming feature for the district's population, that was otherwise struggling under the oppressively dependent conditions of agriculture.

Titan's community development policy states: 'Titan will make a significant contribution to the communities in which it operates by improving the quality of life of the communities, and building partnership for the social development of the communities and initiatives sustainable by the communities'. According to the CEO, Titan believes that CSR is neither an externalized activity, nor only philanthropy – it is an internal process critical to the organization. The long-term community development plan has initiatives at three levels – as a member of the Tata group, as a corporate entity and at the individual employee level. At group level, Titan is a member of the Tata Council for Community Initiatives (TCCI) and works closely with other organizations. At company level, programmes have embedded in them enhanced levels of stakeholder engagement. At individual level, the spirit of volunteering cascades from Hosur to other manufacturing and locations, corporate and regional offices. Initiatives in the domain of improving the quality of life in surrounding communities include employing differently-abled individuals, establishing township and school and offering scholarship for education.

The employment of differently-abled persons is an initiative through which the company identifies persons with disabilities from surrounding communities and provides them with suitable employment opportunities. Typically, they are employed in jobs which involve tasks with low levels of bodily risk, a minimum of required physical movement and/or little need for verbal communication.



Currently, Titan employs a sizeable number of people with disabilities (6.42 per cent), including those with auditory, physical and visual disabilities. Titan Township & School aim at housing provision through a well-designed and self-contained township offering a superior physical infrastructure as well as a social infrastructure to complement the physical infrastructure. The township is located over 85 acres and is being referred to as a model. A school is one of the planned social infrastructures of the township and the neighbouring community. Titan Scholarship is yet another initiative to identify, encourage and enable needy students to pursue studies in disciplines of their choice. Many of these students hail from villages where basic facilities like schools were not available. More than 500 students have pursued diplomas from Polytechnics and Industrial Training Institutes, undergraduate and postgraduate courses in science, liberal arts, commerce, engineering and medicine.

Stakeholder engagement through supply chain strategy

Ever since its inception, Titan has realized that being an integral part of the society in which it operates is essential for the success of a business, both in terms of economic considerations and longevity. Therefore, Titan believes that CSR is a process of integrating social, economic and environmental imperatives, while addressing shareholders and stakeholder expectations. It is a process through which Titan balances its relationships with a variety of stakeholders, who have an influence on its sustainable business. The competitive markets on the one hand demanded reductions in cost of manufacturing, improving offerings to specific segments of the market, flexibility in the supply chain, and so on. Performance and satisfaction of past community development initiatives also motivated the top management and business managers to look for further opportunities. From the supply chain perspective, Titan had met with a huge business opportunity warranting expansion, which necessitated more investment in terms of equipment and skilled people. Titan was of the view that opportunities could be created for young women willing to be trained to perform some of the less skilled tasks that Titan's own operators aspired to shed. These tasks largely required hand-eye co-ordination, which did not involve the need to operate heavy equipment nor academic qualifications beyond secondary school level.

Titan realized success and motivation from its community development activities undertaken during the first decade. Both top management and managers were scouting around for a more rewarding engagement with society. The resulting societal mapping led to the genesis of an innovative supply chain strategy which incorporated stakeholder engagement as part of business



operations. It was understood that by proper training and support, some of these rural young women could change their socio-economic status. Such a change infused in a slice of the society would have a cascade effect on future generations. In addition, in order to meet the requirements of improved profitability, this engagement might turn into a cost-effective, reliable and flexible skill base for the company. Therefore, Titan found a strategic opportunity to empower rural women by engaging them in watch-manufacturing activities. This innovative strategy of linking CSR with supply chain strategy involving stakeholder engagement became a success which other organizations could emulate. The context, vision, strategy, implementation and the outcomes of one of the key stakeholder engagements, MEADOW, is described in the following sections.

Titan-MEADOW partnership

The prime manufacturing facility of Titan being located in Hosur, in the Krishnagiri district of Tamilnadu, meant that Titan considered the communities of Krishnagiri district as key stakeholders. The district had been backward in development for several reasons, including low literacy rates, drought proneness and people living below the poverty line. Other factors that related to the backwardness of the district were gender inequality (due to issues like low female literacy, early marriages and female child labour) and a high rate of female infanticide (girls were considered as a burden in the family, and denied higher education, married by the time they were in their early teens and employed as farm labour). MYRADA (Mysore Rural Area Development Agency), an NGO set up to enable the socio-economic development of women in rural areas of Tamilnadu and the neighbouring state of Karnataka, organized self-help groups (SHGs): such a group, comprising about 20 members, is formed through a collaborative effort of rural women as a micro-entrepreneurial venture. MYRADA and Titan made a modest beginning, with the SHGs assembling discrete links for watch bracelets. Titan's supervisors assisted the SHGs in the training of young women in the assembly of links, and in simple managerial functions such as production planning and accounting. MYRADA was keen on improving income generation opportunities for young rural women, who were not particularly suited for working in the fields and thus had precious little scope for earnings by way of alternate economic opportunities.

The MYRADA scheme envisaged making such women part-owners of their enterprise. The women were trained by Titan supervisors to polish watch bracelets, braid wires for Titan's jewellery operations and assemble clocks. This increased level of interaction between Titan and the early SHGs led to the



genesis of MEADOW, a micro-enterprise facilitated by MYRADA. In 1998, MEADOW started informally with a small group of girls from poor households, with high-school education. As per the advice of legal and financial experts, all the women came together and registered as a company called 'MEADOW', where the women became owners-managers-workers of their own enterprise.

The technical training and expertise in running a business was given by Titan to MEADOW. 'The women have reached levels of capability to directly negotiate with Titan in the annual revision of piece rates, handle all purchases, control the movement of their vehicles, draw up work schedules, calculate payments, follow up on receivables and handle necessary reports for meeting all statutory requirements' said the General Manager of CSR.

The board of directors of MEADOW consists of three women selected by the rest of the group for a tenure of 1 year. Replacements are chosen in the Annual General Body meeting. Workers are organized into smaller work-groups of 10–12 girls per group, each considered as a unit under MEADOW. The board of directors meets every month, and one representative from each of the 20 task groups attends the meeting. 'Profits of the company are equally shared among employees, with a significant amount being added every year to the corpus fund' said the CEO of MEADOW. This takes care of the company's various needs, including the welfare of employees' families. Table 1 shows the diversified growth of activities and manpower distribution during the various phases of MEADOW.

Representatives of Titan used to meet MEADOW on a regular basis for weekly and monthly production-related issues, annual price negotiation, new opportunities and major process modifications. The women are able to input/retrieve production and material-related information with the SAP ERP system through a dial-up link. Fair treatment as a vendor and maximum

Table 1: Phases and staffing distribution of MEADOW

<i>Phase</i>	<i>Year of starting</i>	<i>Nature of work</i>	<i>Number of women</i>
1	1996–1997	Bracelet link assembly, case buffing	64
2	1997–1998	Hand press, end link, final assembly, gold plating	72
3	2001–2002	Strapping, link assembly	60
4	2004–2005	Movement assembly, dubeburring	50
5	2006–2007	Aerospace component assembly	32
6	2007–2008	Stone polishing and assembly	53
7	2008–2009	Jewellery: mould-setting, waxing, watches: strap masking	70
Common workforce for all units			14
Total number of members and workforce			415

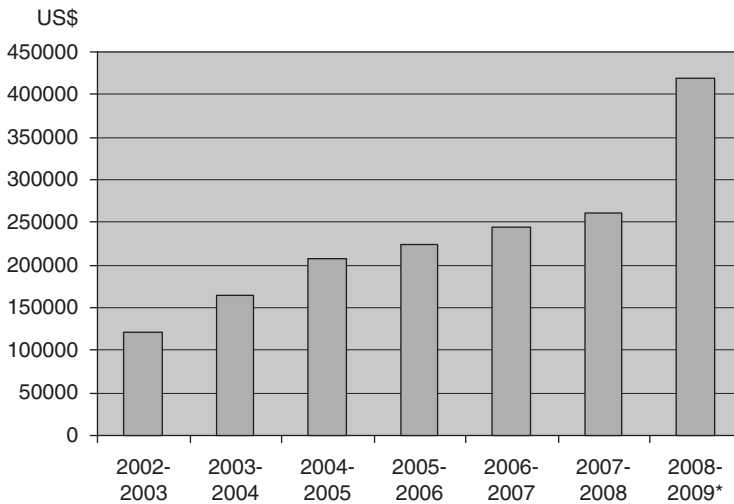


Figure 2: Turnover of MEADOW.

possible cushioning is given during lean production periods so that the partnership can be sustained. In the recent past, realizing the importance of developing women competent enough to meet changing business requirements, Titan planned to conduct training programmes on personality development, and further to take these women and give them exposure to other industries where SHGs operate, to enable them to understand new ways of working. The annual turnover of MEADOW was \$0.26 million during 2007–2008 and is expected to grow to \$0.42 million. The company declared a dividend of 33 per cent to shareholders (who are also the employees of MEADOW) during the year. The accumulated assets are worth \$0.2 million in the form of land, building, machinery, and so on. The growth in turnover of MEADOW is presented in Figure 2.

The partnership resulted in significant changes in the socio-economic development of the members of MEADOW and their families. The women earn a monthly salary in the range \$63–88, depending on the volume of activity. More than 20 have pursued higher education to the graduate level. The survey conducted among the members of MEADOW revealed that about 84 per cent of respondents said Titan had helped them to make their livelihood better. About 74 per cent were significant wage-earners in their families, along with a male member. About 94 per cent strongly agreed that Titan had improved their status in society; about 78 per cent strongly agreed that the marriageable age had increased after their association with MEADOW (marriageable age, formerly around 12–16 years of age, has shifted to



18–23 years); about 45 per cent had married between the ages of 18 and 20. Noticeable positive changes have taken place in their standards of living, especially housing, health and safety. ‘The members are paying off debts, contributing to purchase of assets, educating their siblings, paying off medical bills, and making savings in cash and gold’ said the General Manager of CSR. An important societal change is that the women were now consulted on all family decisions. ‘The parents are keen to send their daughters to MEADOW, owing to its successful existence for more than fifteen years, the accommodating attitude of members at work and the safety it offers for the women’ said the Manager of community development initiatives.

Different from many other popular CSR initiatives, this initiative does not involve any direct financial commitment on the part of Titan. However, there are associated indirect costs incurred in training, supervision and safety and welfare measures. The two-fold benefits of the Titan-MEADOW partnership emerged as a huge success in engaging stakeholders as part of the business. Firstly, the primary set of benefits derived has been in the area of CSR. This stakeholder engagement turned out to be unique in respect of serving the community by bringing its members in as part of core business activity. In the process of promoting and enabling MEADOW, the company has proved that the members of SHGs can be groomed to form and run a micro-enterprise effectively and that such groups can also work in tandem with the expectations of large corporations. Secondly, the company derived key economic and operational benefits, which were of prime concern to the business in the competitive environment. The company was able to develop a partner who understands the business requirements and can respond suitably both in terms of timely supply and flexibility in meeting orders. The business and CSR benefits realized from this engagement led the company to investigate further opportunities for sustainable stakeholder engagements.

Towards sustainability of the Titan-MEADOW engagement, the company is committed to MEADOW by providing more opportunities in the future. The company has increased the number of activities and higher volumes in existing activities over a period of time, with a view to achieving sustainability and growth. For these rural women, elevation to a higher economic and social status meant that they continued to commit themselves as part of this engagement. Considering this, the company had supported the establishment of additional manufacturing facilities for MEADOW. This led to an increase in the number of rural women engaging themselves in productive activity, leading to socio-economic development of a larger section of society. This engagement also transformed the capabilities of the rural women to manage comprehensive technical, operational and financial aspects of running an enterprise. According to the CEO, the training inputs from Titan and the experience of managing the outsourced operation of the company had led MEADOW to



look for similar opportunities with other companies located in the industrial city. Based on the experience with MEADOW, Titan was able to employ similar workgroups in other manufacturing locations.

Discussion

MEADOW is a programme to transform the socio-economic status of rural women through an innovative supply chain strategy. This study reveals that a sizeable number of rural women stand to benefit because of their earnings, improvement in their capability to manage businesses and, more importantly, dramatic improvement in economic and social status. The company has made sustained efforts to identify individuals and make them suitable for undertaking all activities of the business through continuous and extensive training. By giving priority in allocating work orders and assuring a continuous workload to MEADOW, Titan has ensured the economic viability of the initiative. The overall impact of the initiative is encouraging to the company and its stakeholders.

For Titan, this initiative has resulted in a variety of short-term and long-term benefits. In the short-term, Titan was able to achieve a substantial reduction in manufacturing costs and flexibility in operations, which directly translated into improved profitability. In the long run, the company will be able to identify a partner whose capabilities can be leveraged in the supply chains of present and future businesses. The major long-term impact would be in sustaining its good reputation both in the market place and in the extended business environment. From the perspective of the stakeholders, the company has engaged them from the grass-roots level and enabled their transformation into empowered individuals through improved socio-economic status.

This research offers a useful example for linking community development engagements as part of business strategy. Firstly, the research empirically proves that organizations can place CSR as a strategically important activity that can further lead to competitive benefits (Rowley and Berman, 2000; Dentchev, 2004). The Titan-MEADOW partnership satisfies all the five strategic dimensions related to CSR proposed by Burke and Logsdon (1996). This partnership meets the centrality dimension by appropriately proposing a development programme to improve the quality of life of the communities. Specificity is met by the precise societal mapping to link the problems faced by the rural women and devise a supply chain strategy to address those problems. Titan was pro-active in recognizing the long-term impact of issues faced by a section of its community. The socio-economic development of rural women will translate into lasting value to society, by creating educated and employable youth. The strategy exhibited higher order voluntarism by not only going



beyond legal compliance, but also involving stakeholders in business processes. The partnership is visible among the members of the entire organization, stakeholders, NGOs and other governmental agencies.

As suggested by Donaldson and Preston (1995), this research has empirically brought out the positive effects of CSR and analysed the conditions under which CSR has a strategic importance and practical value. Further, previous researchers (Salzmann *et al.*, 2005) had failed to identify managers' key economic arguments to drive corporate sustainability initiatives and the corresponding success factors and barriers. Through this exploratory study, it is demonstrated how articulation of short-term and long-term economic benefits led to successful implementation that resulted in sustainability. Our research reaffirms previous findings (Key and Popkin, 1998; Margolis and Walsh, 2001; Orlitzky *et al.*, 2003) that community initiatives with a sense of profitability are a viable strategy. Further, engaging stakeholders to collectively benefit the organization and communities is a possible variation in linking CSR and corporate strategy. As found from previous studies (Pava and Krausz, 1996), while organizations expect long-term benefits from CSR initiatives, they focus more on short-term initiatives due to lack of innovative approaches to appropriately marry it with business strategy. Our research shows that innovative approaches provide opportunities for realizing higher levels of benefit in the long term. Therefore, we argue that organizations which are able to strategize CSR and link it with core business processes will be able to achieve higher levels of objectives.

Previous investigators (Jamali and Mirshak, 2007) have advocated that engaging stakeholders as a competitive strategy requires more systematic planning and stronger determination, a concentrated effort and collaboration between businesses and NGO to make sustainable engagements. Our research highlights the importance of collaborative efforts between the business and NGOs in conceptualizing, initiating and building the engagement in many areas, thus ensuring sustainability. Other researchers (Epstein and Wisner, 2001; Zingales and Hockerts, 2003) have argued that while more strategically aligned partnerships are evolved, corporations may cease to support some of its traditional social partners. Deviating from this, we show that an organization might continue to support traditional partners, even after establishing profitable stakeholder engagements.

The stakeholder engagements studied in this research are different in terms of business context, strategy, implementation and benefits to the organization. However, there are a number of underlying organizational and managerial factors that determine the present and future success of these engagements. The foremost driver is the Tata Group's focus on human development, which underpins Titan's community development focus. The human development focus of the initiatives reflects the blending of business with a cultural feature.



There were also a number of generic engagements in which the company was involved. Titan enjoyed higher levels of acceptance among the community and thereby realized greater levels of satisfaction in its earlier engagements. Such a high level of satisfaction realized through involvement of top management and employees has enabled the company to propose stakeholder engagement in the core activities of the business.

Conclusion

This exploratory case study has attempted to capture the organizational and managerial dimensions of sustainable stakeholder engagement through a supply chain strategy. The systematic approach adopted in objective setting, strategizing, implementation and evaluation of a supply chain initiative has been caught through the study, which will also be useful to practitioners on the look-out for possible approaches to align the requirements of community and business strategy. The commitment of top management and the personal involvement of functional managers ensure sustainable engagement with society. This research adds new empirical evidence to the theory of CSR for business benefits. However, additional research may be undertaken to validate our findings with organizations from different industries and country settings.

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