

INSIGHT INTO SOME CSR INITIATIVES OF INDIAN ORGANISED RETAILERS

Dr. Rita Khatri

Assistant Professor, H.R. College of Commerce and Economics, Mumbai, India
Email:Khatririta@rediffmail.com

ABSTRACT

Corporate social responsibility(CSR) is the commitment to improve community wellbeing through discretionary business practice and contribution of corporate resources. Business today have realised that in order to continue thriving they have to adopt more holistic and inclusive business model which has direct correlation with business performance. This is possible when they incorporate the concept of corporate social responsibility that will help them to focus on transparency and accountability. In context with the organised retailers that hold immense promises and opportunities as a sunrise sector have realised the growing importance of corporate social responsibility in order to ensure sustainable development. Companies like Tata Trent ltd, RPG retail, Raheja retail, Big Bazaar etc have taken initiatives to achieve eco- efficiency and profit maximisation. Some of the major areas where corporate social responsibility is practised are green consumerism, use of bio fuels, investment in sustainable technologies etc. Corporate social responsibility is growing phenomenon but issues like funds allocation, standard reporting are some of the barriers identified towards implementation. This research paper attempts to highlight corporate social responsibility of the Indian organised retailers and the challenges that they face toward the implementation. This paper would be of great importance to the retail practitioners who plan to enter the organised retail market. It shows that corporate social responsibility can be used as a strategic tool to create a differential advantage over competitors.

Keywords: Corporate social responsibility, Indian organised retailers, sustainable development.

INTRODUCTION

Over the last few years there has been rising expectation from the business toward society. No longer can the firm consider itself as the independent entity regardless of the interest of general public. Business today have realised that in order to continue thriving they have to adopt more holistic and inclusive business model which has direct correlation with business performance. This can be possible when they incorporate the concept of corporate social responsibility. Corporate social responsibility is a commitment to improve community wellbeing through discretionary business practice and contribution of corporate revenue. Across the globe companies are expected to discharge their stake holder's responsibilities and social obligation along with shareholders wealth maximisation goal.

India was already aware of corporate social responsibility (CSR) due to the effort of the organisation such as Tata group, Unilever group, ITC etc. who have already adopted the inclusive model for upliftment of the economy.

Times foundation with the aim of understanding corporate CSR initiatives conducted the survey and found that 90 percent of the Indian organisations surveyed were involved in CSR initiatives. The leading areas that organisation were involved are livelihood promotion, education, health environment and women empowerment. In a survey carried out by the Asian Governance Association, which ranks the top 10 Asian countries on corporate governance parameters, India has consistently ranked among the top three along with Singapore and Hong Kong for the last eight years.

In context with the organised retailers that holds 5% share of the total retail market and is one of the fastest growing sector toward generation of employment opportunities have realised the growing importance of corporate social responsibility in order to ensure sustainable development. Organised retail outlets are allocating some proportion of their funds towards corporate social responsibility. Retail outlets like shopper stop, Spencer, Reliance fresh and other had invested their funds towards community welfare projects. Thus corporate social responsibility is considered as one of the latest mantra for success and to have an edge over their competitors

OBJECTIVES OF THE STUDY

- To study the growth of Corporate Social Responsibility in India.
- To study the contribution of Indian organised retailers toward Corporate Social Responsibility.

REVIEW OF LITERATURE

Marcello Palazzi and George Starcher in the research article on corporate social responsibility and business success had discussed the forces that have brought awareness towards CSR. The authors had also mentioned about corporate governance as the starting point for putting environmental and social responsibility into practice. Through the research work the author has focussed on the transition of business from an economic engine to a social system, i.e. the purpose of a business is still to produce wealth, but it does so as a social organisation, having to meet and respond to the pressures and responsibilities of society and its citizens.

Gunjan in her thesis on corporate social responsibility - a study of selected companies in India had covered the perceptions of various stakeholders, i.e. academicians, professionals, businessmen, executives, government officials etc. with regards to corporate social responsibility and to know the status of Indian corporate sector in the area of Corporate social responsibility(CSR). The study revealed that stakeholders demand corporate social responsibility programmes and projects from the corporate world. Indirectly, the respondents feel that companies should work towards reducing the gap between the rich and the poor, stop violating human rights, involve their customers into product development, work to solve social problems, and endeavour to increase the economic stability. The study also revealed that only five companies out of eighty-five which were found engaged in twenty-one or more CSR activities. The analysis brings out that there is a significant variation in companies' CSR performance. Companies with relatively small funds have low CSR scores, and their CSR

performance has been unsatisfactory. On the contrary, companies with higher funds have shown good CSR scores.

Dr V.V. Prasad through the research paper examines the nature and extent of corporate social responsibility (CSR) initiatives under taken by Indian companies and to study its relevance in business. According to the authors only few companies' like ITC, TATA and SAIL had actively participated towards CSR initiatives. There are much opposition towards CSR stating that CSR distracts from the fundamental economic role of businesses; others argue that it is nothing more than superficial window-dressing; still others argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. Also one of the hurdles toward CSR is different models to earmark its social expenditure, making it difficult to measure the overall impact.

HISTORICAL PROSPECTIVE

The concept of CSR in India is not new, as the term may be. The process though acclaimed recently, has been followed since ancient times albeit informally. Philosophers like Kautilya from India and pre-Christian era philosophers in the west preached and promoted ethical principles while doing business. The concept of helping the poor and disadvantaged was cited in much of the ancient literature.

The idea was also supported by several religions where it has been intertwined with religious laws. Focussed on "Zakaat", followed by Muslims, is donation from one's earnings which is specifically given to the poor and disadvantaged. Similarly Hindus follow the principle of "Dhramada" and Sikhs the "Daashaant". In the global context, the recent history goes back to the seventeenth century when in 1790s, England witnessed the first large scale consumer boycott over the issue of slave harvested sugar which finally forced importer to have free-labour sourcing. In India, in the pre independence era, the businesses which pioneered industrialisation along with fighting for independence also followed the idea. They put the idea into action by setting up charitable foundations, educational and healthcare institutions, and trusts for community development. The donations either monetary or otherwise were sporadic activities of charity or philanthropy that were taken out of personal savings which neither belonged to the shareholders nor did it constitute an integral part of business.

The term CSR itself came into common use in the early 1970s although it was seldom abbreviated. By late 1990s people and institutions across all sections of society started supporting it.

Need For Corporate Social Responsibility (CSR)

Over the years business has taken many benefits from the society. Society accepts new concepts, products that are being showcased by the businessmen. Therefore it becomes obligation for the enterprise to return society as well. A business cannot succeed if society fails. This, therefore, clearly establishes the stake of a business organization in the good health and well being of a society of which it is a part. Not only this many potential clients who themselves operate CSR activities expects their suppliers to do similar kinds of programmes.

Globalisation and universal expansion of the economies enhances the consideration of image and reputation among organisations. An organisations image and reputation can be ruined in days through unregulated and unethical practices. So, imbibing CSR practices becomes the strong foundation in image building. Organizations in India have been quite sensible in

taking up CSR initiatives and integrating them in their business processes. It has been progressively projected in the Indian corporate setting because organizations have recognized that besides growing their businesses, it is also important to shape responsible and supportable relationships with the community at large. Companies now have specific departments and teams that develop specific policies, strategies and goals for their CSR programs and set separate budgets to support them. Most of the time, these programs are based on well-defined social beliefs or are carefully aligned with the companies' business domain.

Role of Organised Retailers toward CSR Initiatives in India

The Retail bazaar in India is booming beyond everyone's expectation. The Indian Retail sector has caught the world's imagination in the last few years. The Indian retail market has been estimated at \$400-450 billion, is dominated by the highly decentralized unorganized sector. Over the last few years this sector has seen emergence of the organised retail. The organized retail industry is one of the sunrise sectors with huge growth potential. Organised retail industry accounts for only 5% of total retail industry but is expected to reach more 10% by 2013. Many Indian corporate has taken initiatives to invest in the retail sector some of the key players are:

Table 1. Key Players in Organised Retail Market

Name of the Company	Retail Outlets
Future group	Big Bazaar
Raheja group	Shopper Stop
Reliance Industries	Reliance fresh
RPG Group	Spencer
TATA Trent ltd	Westside, Star Bazaar

Source: Compiled from company websites

India's retail growth is largely driven by increasing disposable incomes, favourable demographics, changing lifestyles, growth of the middle class segment and a high potential for penetration into urban and rural markets. The Indian organized retail industry holds immense promises and opportunities as a sunrise sector. Organised retail provides huge employment opportunities and is considered one of the fastest growing sectors in India. In order to be successful the retailers need to focus on various issues like customer satisfaction and updated technology for competitive advantage. The rising awareness levels of the consumers through education and media have begun to make the corporate retailers more accountable in their CSR practices. The primary role of CSR in retail industry is to ensure sustainable development taking into consideration three areas ecological, social and economical as eco-efficiency combined with social and economic interest is the basis of sustainability. Some of the organised retailers who had been implementing sustainable business development are:

Shopper Stop the leading organised outlet in apparel retail has undertaken many CSR initiatives. In 2007 the company has formulated energy management policy by the use of advanced energy monitoring and control tool to avoid wastage. Apart from these they had invested in water conservation project. Under this they had initiated two programs ie rainwater harvesting project in Delhi and Begumpet stores and usage of orifice. Orifice is a

small device that control flow of water from the tap there by reducing wastage of water. This has been installed in 20 stores of shopper stop. Shopper stop has also launched back to earth and exclusive e-brand that offer eco-friendly collection like recycled wood, recycled paper, natural fibre. Not only this they have initiated the interactive page on the intranet site as spandhan that encourages employees to suggest and initiate activities toward environment. To promote education they had participated in teach India movement in association with times foundation. In 2010 they had organised blood donation drive to support Thalassemia.

Big Bazaar India's biggest value retailer controlled by future group has been taking lot of initiatives to support cause. It has tied up with Mumbai traffic police in the drive to promote the use of helmets. They also are actively involved in the distribution of the food packets during the floods. Toward women empowerment initiatives had been taken to build the platform for distribution and marketing of women led organisation engaged in producing food products, textiles and handicraft. An immensely successful initiative of this nature was 'Yatra', a joint effort between Big Bazaar and Yashaswini, a self help group platform. The purpose was to encourage the efforts of underprivileged women traders through establishing a channel for them to sell their produce in a profitable manner. More than 300 women from these groups were offered a chance to sell their produce during special promotions in front of Big Bazaar stores. The idea was to serve our customers, in an authentic manner, the rich, diverse traditional cuisine of Maharashtra. These items were specialty items from each geographical region within the state. Similar initiatives with self help groups and local indigenous communities have been initiated in the states of Assam, Karnataka, Kerala and Delhi and have met with very encouraging response from customers and the communities.

RPG Group. The RPG Foundation has been set up to undertake activities in the field of social welfare and reform, across a wide range of areas including Education Employability and Environment. In order to ensure employability "Saksham"- *making them able* was conceived and launched in Oct 2011. This is about promoting technical education right from Secondary School level. RPG group being one of the pioneers to implement the –"Self management team (SMT) program and have successfully done so in four green field factories of the Group across India. Towards education RPG Akshar Program works with children studying in public schools to enhance their spoken and reading English skills. It employs the natural curiosity of children and excites them about the process of learning and also encourages them to learn new concepts & ways of thinking. Akshar is a six year program, and children undergoing the program for six years would be 100% English Proficient. Towards environment protection the company has converted all over 20 plants into green facilities. Apart from this rain water harvesting system, save water, paper waste recycling, e-waste collection are some of the social initiatives of RPG Group.

Reliance Retail Limited, country's leading retailer successfully conducted a nationwide Blood Donation Drive with the aim of raising awareness on the importance of blood donation. The campaign received an overwhelming response and support from consumers and employees. Reliance Retail has associated with organizations like Red Cross, Rotary Club (Delhi) and Swasthya Kalyan among others to ensure that the collected blood reaches the beneficiaries.

The Blood Donation Drive was conducted through various formats of Reliance Retail across more than 50 stores in 35 cities including Mumbai, Delhi, Chennai, Bangalore and Kolkata among others as part of Reliance Retail's community initiative. The drive attracted a large number of donors throughout the country and also managed to spread awareness about the

need for blood donation. They also recruit people from underprivileged community and also provide training to the farmer and provide loan up to Rs 15000.

Tata Trent Ltd, corporate sustainability at Tata Trent integrates economic progress, environmental concerns and social commitment. As retail organization, having a trained talent pool with a strong orientation for customer service is very important to business. Trent decided to address this challenge by tapping into the huge pool of talent available from the underprivileged sections of society. This initiative called Saksham (Sanskrit for capable) was pioneered, that aims to enhance the employability skills and provide gainful employment to these sections of society. Since its inception in 2009, this initiative has yielded 474 employable aspirants out of which, 370 have gained employment so far. This programme encourages and recognizes equal employment opportunity to underprivileged sections of society. These programmes enrich the quality of life and opportunities for all. Also every year a special fund is created from the sale of Diyas and Stars from the stores during Diwali and Christmas respectively. Trent has initiated 23 projects that are aligned with areas of “Child, Education and Nutrition”.

Challenges towards Implementation of Corporate Social Responsibility

The most important challenge to adopt CSR on a wider scale is first of all availability of finance as there is a lack of linkage between CSR and financial success. Since no direct relationship is evident, companies find it difficult to assess how much to invest in CSR, where to stop and how to achieve the right balance between financial performance and CSR. The other fact that CSR investments have a long gestation period and lack visible results, prevents assessment of the effectiveness of their investment which is the important hurdle to adopt CSR by companies in India. Also there is lack of mechanisms to measure, monitor, evaluate and report the impact of CSR initiatives as a major barrier.

CONCLUSION

The concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavour to uplift the downtrodden of society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept-Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. It embraces the ‘triple bottom line’ and requires attention to be paid not only to economic performance, but to environmental and social impacts as well. It is essentially about business contribution to sustainable development and how best to maximize that contribution. The case for demonstrating corporate responsibility is getting stronger as expectations among key opinion formers, customers and the public are increasing. Being a good corporate citizen is increasingly crucial for commercial success and the key lies in matching public expectations and priorities, and in communicating involvement and achievements widely and effectively.

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