A STUDY ON CORPORATE SOCIAL RESPONSIBILITY: WITH SPECIAL REFERENCE TO HUL

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ABSTRACT
The Indian economy is the second fastest growing economy in the world. Majority of the population in India resides in rural areas. Thus development of rural India is a key step towards economic development for a country like ours. Credit is one of the very important inputs of economic development. Proper access to finance by the rural people is a key requisite to employment, economic growth and poverty reduction which is primary tools of economic development. HUL’s Corporate Responsibility (CR) philosophy is embedded in its corporate purpose and Vitality mission. The company firmly believes that it has commitment to all its stakeholders - consumers, employees and the community in which it operates. It can fulfil this commitment only by sustainable growth. The Vitality mission of the company aims to improve quality of life through their products and through their interventions in the community. On this background, HUL’s key CR initiatives are undertaken with a long-term view. Initiatives that are sustainable, that have long-term benefits and that have business linkage are accorded priority. Some initiatives are brand driven, some are driven by the people and some are driven by the processes. Thus vast size of Indian rural markets and the demand base offers a huge opportunity to the MNCs. This paper gives a brief idea on the CSR activities taken by HUL in the rural areas with the help of a case study method.

Keywords: HUL; CSR Activity

INTRODUCTION
“Global companies must redefine success. It is not only about delivering returns to investors but about creating lasting impact for society and the environment”
- Nandan M. Nilekani

Barack Obama when he visited India in 2010 announced that India is not emerging economy it is an emerged economy. This apparently indicates that we have to have inclusive growth. This inclusive growth can be achieved with the help of multinationals also. Inclusive growth is aimed by the maker of lifebuoy soaps, detergents and shampoos- Hindustan Unilever by its alternative distribution channel called project shakti to penetrate rural India in a cost effective manner. HUL has made 2.5 lakh rural outlets in 2009 which has increased to 5.5 lakh in 2010 and in the year 2011 aim at a projected figure for 10 lakh .70% of the Indian population lives in rural areas. This segment, commonly referred to as the ‘bottom of the pyramidal’, presents a huge opportunity for companies. Unilever’s Indian subsidiary, Hindustan Lever Ltd (HLL), considered one of the best-managed companies in India, understands the importance of rural marketing. The trigger point came when a local firm Nirma, through its new
product formulation, pricing and distribution challenged HLL’s detergent business. Nirma’s attack from below made HLL realise its vulnerability as well as identify a new opportunity. Since then, HLL has launched various initiatives to reach out to the rural consumers. It has changed its product formulations and deliveries. It has begun a number of initiatives in terms of widening distribution reach through traditional as well as unconventional channels. HLL has also empowered rural women by assisting them in obtaining financial assistance through its project shakti. HUL has initiated a pilot project with India’s largest bank, SBI in Maharashtra and Karnataka. Banks which are considered as ambassadors of financial inclusion are also making co-operative efforts in order to look beyond the conventional branch model to penetrate deeper in a viable manner. This consortium between the banks and FMCG company can reduce the costs of operation s to the minimum possible extent.

OBJECTIVES OF THE STUDY

The study is made with the following objectives in mind

1. To find out how CSR activities can help in inclusive growth.
2. To analyse the impact of CSR activities.
3. To study the functions of HUL in promoting CSR.

RESEARCH METHODOLOGY

Primary data is collected through respondents of HUL Company personnel’s.

Secondary data is being collected through various sources such as books, magazines, journals, newspapers and websites.

LIMITATIONS OF THE STUDY

1. Only one MNC is taken into consideration.
2. The period of study is only one year.
3. The data was not sufficient for application of statistical techniques.

REVIEW OF LITERATURE

The term "corporate social responsibility" is often used interchangeably with corporate responsibility, corporate citizenship, social enterprise, sustainability, sustainable development, triple-bottom line, corporate ethics, and in some cases corporate governance. Though these terms are different, they all point in the same direction: throughout the industrialized world and in many developing countries there has been a sharp escalation in the social roles corporations are expected to play. Companies are facing new demands to engage in public-private partnerships and are under growing pressure to be accountable not only to shareholders, but also to stakeholders such as employees, consumers, suppliers, local communities, policymakers, and society-at-large.

An Economic summit was conducted in the month of November 2010 in foreign delegates representing US participated and opined that inclusive growth can be achieved by India within a span of 5 years. By 2020 India can emerge as super power in all sense. India is to be considered as a emerged country or developed country and not as emerging country of developing country. Mr. Nandan Nilekani is of opinion that global companies can also contribute for the inclusive growth. Tom Peters in his book In search of excellence wrote that most projects invent themselves, rather than being the product of a formal planning process.

Reports suggest that only 5% of around 6 lakh habitations in the country have a bank branch. That is only 40% of rural folks are having bank account. Financial inclusion aims at covering the other 60% also before 2012 by finance minister Pranab Mukherjee. In order to fulfill these requirements multinational companies can create an impact along with their marketing strategies. Villages having the population of 2000 or less than can be selected and they can have tie-up with the banks in order to
open accounts when they select dealers and distributors. They can compulsorily make these rural people within banking net with a small effort. This can help in teaching the habits of thrift as well as all transactions can be through banks. Again a number benefits can follow this particular arrangement. Rural consumers can understand the importance of savings and there-by improving the standard of living. They can be relived from the clutches of moneylenders if the same branch can offer micro finance. This can even help them to get rid of their habits to a certain extent. Rural communities have certain typical features. For e.g. if the loans are raised in the name of women they are very particular in returning the same without any default. This can help the women to improve their knowledge of banking and related aspects.

**Shaktimaan & Shakti ammas: An Initiative projects taken by HUL**

A shaktimaan is a male member of a shakti entrepreneur family. In 2000, HUL collaborated with self-help groups to expand its rural reach under project shakti. It partnered women entrepreneurs called shaktiammas from rural areas of Andhra Pradesh and 14 other states by offering them opportunities for business. The objective was not only to increase direct reach in rural areas, but also build brands through local influencers. Today, there are around 45,000 shakti ammas on board, taking products to across 1 lakh villages and over 30 lakh households every month. HUL soon figured out that the men folk from shakti households, who would by now be familiar with the operations and product range of the company, could be used for the next leap — to reach villages with a population of less than 2,000. They have been christened shaktimaans. Roughly one in two shakti households would provide a shaktimaan.

While there are no fixed selection criteria, a shaktimaan is chosen based on his locational advantage and his proximity to villages which are to be covered. Since the shaktimaan is a male member of the shakti household, his additional income from this programme results in an increase in household income. A shakti entrepreneur typically earns an average of Rs 1,000 per month. It is estimated that the shaktimaan would earn 2.5 times this amount, given the arduous task he has been given to perform.

The Shakti ammas and Shaktimaans are not paid employees of the company. HUL gives Shaktimaans (male members), a bicycle, to be able to service villages within a 3 to 5 kms radius and hence cover a larger area than a woman, Shakti amma, can cover on foot. “On an average a Shaktiman does approximately double the business of a Shakti amma and helps reach media-dark regions which no other large FMCG company has penetrated,” said the top HUL official.

An HUL spokesperson said in an email that Project Shakti is a rural distribution initiative that targets small villages populated by less than 5,000 individuals. “It is a unique win-win initiative that catalyses rural affluence even as it benefits business. Project Shakti benefits business by significantly enhancing HUL’s direct rural reach, and by enabling its brands to communicate effectively in media-dark regions.”

HUL is also undertaking initiatives such as ‘Khushiyon ki doli’ through which it reaches 50,000-70,000 villages with a set of five to seven relevant brands and extols the virtues of washing hands before meals, washing clothes with a soap or detergent, among others. HUL this year will also roll out its IQ solution, which enables salesmen to record orders for outlets on an automated handheld device that connects directly to the system and helps retailers reduce the incidence of stock outs.

HUL is using a network of 45,000 Shakti ammas and 23,000 Shaktimaans to reach consumers in villages where it’s not economical for our wholesale distributors to service. This was one of the major steps in helping us triple our rural reach in 2010-2011, equalling what we had done in the last 75 years of business in India. HUL estimates that India has more than 630,000 villages, most of which are ‘hard to reach’ and offer relatively lower business potential. Reaching them through the conventional distribution system is a challenge
Case Study

Forty-two-year-old Sudharkar Sahoo is a farmer in Sarapari village in Orissa’s Khurda district. Till a few months back, he used to till land for a part of the day and had nothing to do for the rest. Financially, Sudharkar’s family of four was not overstretched considering that his wife, Suprabha too earned an income. Being a ‘shakti amma’, Suprabha was an entrepreneur distributing consumer products for multinational giant Hindustan Unilever (HUL). Now, Sudharkar’s family income is about to more than double as he has been picked up for a specific task by the maker of Lux soap and Wheel detergent. The company is utilizing the skills of the likes of Sudharkar to distribute its products in remote villages which have a demand for such products, but don’t have a distribution network. Sudharkar must be happy that the hike in income will take his family closer to the comfort zone. What he may not be aware of is the importance of the role he is about to play in a mission that is going to triple HUL’s rural reach in a year’s time. He is among the first lot of ‘shaktimaans’ who have been roped in by HUL to fulfill its ambition of reaching villages with population of less than 2,000 and are beyond the reach of the company’s redistribution stockists (RS). Every day, Sudharkar sets out on a bicycle which has been provided by HUL for him to commute to villages to distribute products and sachets of popular brands like Wheel, Lifebuoy, Pond’s, Brooke Bond, among others, to aspiring consumers. Earlier, these consumers had to satisfy their needs by purchasing products from nearby villages where the company has direct distribution. Now, their needs will be met in their own villages by the visiting shaktimaans.

The Analysis of the above case study reveals the following

- The company can reach out rural poor with the help of the project.
- It can try to market any product in rural areas since the trust of the consumers have already developed.
- Maximisation of sale and profitability can be targeted very easily.
- Since rural consumers are also adapting to changes, introduction of a new product becomes very easy.
- The customer base can be improved without much effort.
- Social capital can be created while serving the bottom of pyramid.
- The reputation of the company also gets elevated

CONCLUSION

Millions of people in the developing rural areas are poor not because they cannot manage money, but because they have too little of it. Rural finance comprises credit, savings and insurance (or insurance substitutes) in rural areas, whether provided through formal or informal mechanisms. The word ‘credit’ tends to be associated with enterprise development, whereas rural finance also includes savings and insurance mechanisms used by the poor to protect and stabilize their families and livelihoods.

HUL’s Shakti model could help banks take products like insurance and mutual funds to rural folk. Thus a consortium among the banks, service providers and MNCs can prove wonders in rural areas covering all unbanked masses. For e.g. SBI and Airtel entered into a joint venture to provide affordable services to the rural people. Anyway any collaborative efforts will prove as cost effective. Even ITCs e-Chou pal, the rural model for farmers have proved good in rural areas. ITC can also apply their own methods for inclusion of rural poor within the banking net. This will be innovation in financial inclusion by the MNCs. In India rural market is expected to grow more than 10 fold to become a $100- billion opportunities’ for retailers in the next 15 years. This can be capitalized by the MNCs for their marketing efforts thereby helping the government towards inclusive growth. These efforts can prove to be very lucrative in the long run, since sharing costs always make sense.
REFERENCES

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