

# A Study of CSR Practices in Aditya Birla Group

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**Abstract:** The paper attempts to explore Corporate Social Responsibility (CSR) practices particularly in the context of rural development, what CSR initiatives taken for development of rural areas and how the Corporates implement their CSR initiatives as a part of their business strategy. Here we will also see the impacts of CSR actions on the socio-economic development of rural people. We will study the CSR practices of Mudra Fashions & Lifestyle in the context of rural development. The methodology of the present study relied on the web-based research, review of print literature and visit to the selected sites to witness CSR practice. The paper is based on the study that social responsibility is regarded as an important business issue of Indian companies whatever may be its sector or business goal. Therefore, CSR actions have positive impacts not only on development of rural community but also in their business.

**Keywords:** CSR, Rural Developments, Socio-economic development, business strategy.

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## 1. INTRODUCTION

Although India ranks 6<sup>th</sup> in the number of billionaires per country, it's also home to 1/3<sup>rd</sup> of the world's extreme poor. The problems of hunger, ignorance, ill health, high mortality and illiteracy are most acute in the rural areas of the country. The reason for this is not only the shortage of resources but also the lack in planning process and investment pattern. The government is working very seriously on these issues of poverty and upliftment of rural areas but the efforts of Governments may not be just adequate to provide basic services to its citizens. It is being increasingly recognized that progress and welfare of a society is not only the responsibility of the Government alone, but many more stakeholders need to be involved to attain the development goal.

The corporate sector here plays a pivotal role in ensuring private investment flows to those rural areas that have been left out of the development process so far and also to work for sustainable development of rural areas in general. Over the past few years, as a result of rising globalization and pressing ecological issues, the perception of the role of corporates in the broader social context within which it operates, has been altered.

Early CSR reports often focused on philanthropy as a driver of CSR. That notion has been supplanted by a broad commitment to protecting and improving the lives of workers and the communities in which companies do business. CSR reports now typically address issues impacting virtually every area of operations: governance and ethics; worker hiring, opportunity and training; responsible purchasing and supply chain policies, and energy and environmental impact. Today the definition of Corporate Social Responsibility (CSR) has changed to operating a business in a manner that accounts for the social and environmental impact created by the business and committing to develop policies that integrate responsible practices into daily business operations, and reporting on progress made toward implementing these practices.

A widely quoted definition by the World Business Council for Sustainable Development state that "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (WBCSD, 1999). Thus, the meaning of CSR has two fold. On one hand, it exhibits the ethical behaviour that an organization exhibits towards its internal and external stakeholders. On the other hand, it denotes the responsibility of an organization towards the environment and society in which it operates.

Thus, there is a need to study and understand how corporate enterprises are using CSR initiatives and what is the impact of CSR actions on socio-economic development of people in rural areas?

## **2. ABOUT THE ADITYA BIRLA GROUP**

Madura Fashion & Lifestyle, a division of Aditya Birla Nuvo Ltd, is one of India's fastest growing branded apparel companies and a premium lifestyle player in the retail sector. The company's brand portfolio includes product lines that range from affordable and mass-market to luxurious, high-end style and cater to every age group, from children and youth to men and women. Madura Fashion & Lifestyle is defined by its brands — Louis Philippe, Van Heusen, Allen Solly, Peter England and People — that personify style, attitude, luxury and comfort. Madura Fashion & Lifestyle reaches its discerning customers through an exclusive network comprising 1,703 stores, covering 2.2 million sq ft of retail space, and is present in more than 1,500 premium multi-brand stores and 320+ departmental stores. Planet Fashion, the multi-brand, apparel-retailing arm of Madura Fashion & Lifestyle, housing the company's in-house and other brands, is the largest chain of stores of its kind in India.

## **3. LITERATURE REVIEW**

CSR is regarded as vehicle through which companies give something back to the society. Khan and Atkinson (1987) conducted a comparative study on the managerial attitudes to social responsibility in India and Britain. According to it most of the Indian executives agreed CSR as relevant to business and felt that business has responsibilities not only to the shareholders and employees but also to customers, suppliers, society and to the state.

Some of the surveys like 'Corporate involvement in social development in India' by Partners In Change (PIC)', 'Altered Image: the 2001 State of Corporate Responsibility in India Poll' by Tata Energy Research Institute (TERI), 'Corporate Social Responsibility: Perceptions of Indian Business' by Centre for Social Market (CSM), and 'Corporate Social Responsibility Survey, 2002, India presented jointly by the British Council, UNDP, Confederation of Indian Industries and Price Water house Coopers have also highlighted the emerging Indian participations in the CSR process. Another survey by TERI- Europe and ORG-MARG (2001) in many cities in India revealed that more than 60% of the people felt that the companies should be held responsible for bringing down the gap between rich and poor, reducing human rights abuses, solving social problems and increasing economic stabilities. Centre for social markets (2003) conducted a study in which it was found that social responsibility is seen to be an important business issue within the sample firms, irrespective of firm size, age, sector, location, primary purpose or legal status.

A study on iron ore mining industry in Goa shows that many large mining companies have their own initiatives towards environmental and social development. However, a structured CSR policy and planning is missing especially among the small and medium players in the industry (Conway, 2003). Arora and Puranik (2004) reviewed contemporary CSR trends in India concluding that the corporate sector in India benefitted immensely from liberalization and privatisation process, its transition from philanthropic mindsets to CSR has been lagging behind its impressive financial growth.

Verma and Chauhan (2007) found that roads, pollution and power are the major concern of corporate 2010 141CSR activities as compared to least concern area which is communication and education. Another study by Dutta and Durgamohan (2009) found that education takes the first place followed by health and social cause.

Similarly, a survey conducted by CSM (2001), the perception of companies towards various parameters of CSR has been brought forward. The various dimensions of CSR valued by companies are national wealth, employment, environment and social programme including health and literacy. In a survey of CSR reporting in Asia Chapple and Moon (2005) found that nearly three quarters of large companies in India present themselves as having CSR policies and practices. The EU green paper (2001) identifies two main dimensions of companies implementing CSR an internal dimension relating to practices internal to the company and an external dimension involving stakeholders.

## **4. OBJECTIVES OF THE STUDY**

**The main objectives of the study are:**

1. To study and understand the CSR initiatives being taken by the Aditya Birla Group for rural development;
2. To examine the corporates' approach to work and their mode of action for implementation for CSR initiatives;

3. To see the impact of CSR on socio-economic development of rural population of India.

## 5. METHODOLOGY

The research methodology is based on web based research, reviews of print literature and company media releases. For the purpose of analysis CSR initiatives for rural development were classified under four heads:

- **Sustainability**
- **Disability (empowering the physically challenged)**
- **Benevolent activities for the workforce**
- **Education**

## 6. THE STUDY

The focus of the organization is on the all-round development of the communities around their plants which are located mostly in distant rural areas and tribal belts. All the Group companies: Grasim, Hindalco, Aditya Birla Nuvo and UltraTech have Rural Development Cells, which have the mandate of coming out with plans and policies for the development of the area concerned for the benefit of the communities.

They are working in partner with development are government bodies, district authorities, village panchayats and the end beneficiaries — the villagers. The Government has, in their 5-year plans, special funds earmarked for human development and they recourse to many of these.

At the same time the group is in network and collaborates with like-minded bilateral and unilateral agencies to share ideas, draw from each other's experiences, and ensure that efforts are not duplicated.

### **The geographic reach, annual spends:**

The footprint of this community work straddles 3,000 villages across the length and breadth of our country. We reach out to more than 7 million people annually. Over 60 per cent of these live below the poverty line and belong to scheduled castes and tribes.

The Group spends in excess of Rs.250 crore annually, inclusive of the running of 18 hospitals and 42 schools. The Group transcends the conventional barriers of business and reaches out to the marginalised as a matter of duty and to bring in a more equitable society.

### **Focus areas of the Organisation:**

To achieve their responsibility of CSR, the Aditya Birla Group promotes corporate social responsibility initiatives focused on four main areas:

- ❖ Sustainability
- ❖ Disability (empowering the physically challenged)
- ❖ Benevolent activities for the workforce
- ❖ Education

### **Sustainability:**

Initiatives in the area of sustainability include rural employment generation schemes. The company employs rural youth who have completed their fifth standard, training them in tailoring and other aided activities for three months.

Madura Fashion & Lifestyle recruits heavily from villages. As part of enhancing the livelihood of villagers and also bring in women empowerment, the company regularly conducts door to door campaign at villages to encourage women to come and work. Apart from these constant initiatives, Madura Fashion & Lifestyle and its employees regularly respond to national tragedies such as Flood and Earthquake Relief, going to the affected areas to help people.

**Disability (empowering the disabled and the physically challenged):**

Madura Fashion & Lifestyle has partnered with the Leprosy Rehabilitation Centre in Sumanahalli, Karnataka. The Sumanahalli Society, run by an NGO, has a sewing unit where half the employees are cured leprosy patients, and the remaining employees are HIV/AIDS patients and/or physically challenged.

The inhabitants of the Centre earn their subsistence through sewing for Madura Fashion & Lifestyle. All leftover fabric and accessories are provided to the unit for conversion into garments. The inhabitants are paid the cost of conversion. The finished goods are sold to employees and their families. The scheme is mutually beneficial, and not charity.

The company employs nearly 100 physically challenged people in its factories. A four-week training programme is conducted by the Association of People with Disability (APD) and the cost of training and stay is absorbed by the company. In addition, the company works to rehabilitate the visually impaired.

**Benevolent activities for the workforce:**

These include, but are not limited to, ensuring that every child who attends the various company crèches is administered pulse polio drops, conducting a Pulse Polio Camp at the company's Begur Unit, and celebrating Children's Day and Women's Day at different units.

**Education:**

Madura Fashion & Lifestyle is working toward the holistic development of the Kasturba Gandhi Balika Vidyalaya at Channapatna. Uniforms for the students have been stitched and handed over to the school. The company has also funded the uniforms for children in Ramanagaram.

The team is also working on upgrading the education standards in villages around Annekal. As part of these 16 schools and Anganwadis have been identified where the organisation will be working closely to enhance the quality of teachers and infrastructure.

Among other initiatives, the organization is also working on the projects named below-

- ❖ Lighting the Lamp of Knowledge
- ❖ Helping Vidya write
- ❖ 1,800 villagers treated at eye camp held near Bangalore by Madura Fashion & Lifestyle

## 7. CONCLUSION

The business have a responsibility to the society, nation and to the environment as it utilizes the various sources available. A wide range of CSR initiatives ranging from income generation activities for livelihood, health check-up camps, mobile health services, education, adult literacy, infrastructure facilities being carried out by Aditya Birla Group of companies. The approach to work is generally shifting from philanthropic to welfare and sustainable development. The organization is progressively heading towards its willful good work for the society.

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