
Social initiatives for sustainable development: a case study of a company in India

Sasmita Kant Maurya

Genteel School of Business and Economics,
5th Floor Atharva Feryez Plaza,
Pune Satara Road, Pune, 411043, India
E-mail: sasmita.maurya@indiatimes.com
E-mail: sasmita.maurya@yahoo.co.in

Abstract: This case study provides an assessment of the social initiative practices of a manufacturing company based at Pune, India and how its proactive approach has upgraded the lifestyles of neighbouring communities. The company's Department of Social Initiatives (DSI) launched projects in the areas of health, education, women empowerment and community development with the objective of sustainable growth and peaceful coexistence of industry, the environment and mankind. It was found that the social initiatives practices of the company were similar to accepted guidelines/expectations for corporate social responsibility/sustainable development as practiced by organisations worldwide.

Keywords: social initiatives; corporate social responsibility; CSR; sustainable development; India.

Reference to this paper should be made as follows: Maurya, S.K. (2010) 'Social initiatives for sustainable development: a case study of a company in India', *Int. J. Environment and Sustainable Development*, Vol. 9, Nos. 1/2/3, pp.114–122.

Biographical notes: Sasmita K. Maurya holds an MBA with a specialisation in Marketing. She is teaching in Genteel School of Business and Economics. She teaches marketing management, international business and organisational behaviour to post graduate students.

1 Introduction

In a conventional business situation, a company produces goods/provides service, sells the goods and makes a profit. Production, marketing and finance used to be the three most important activities of a business unit. Recently, however, the need for doing more in the areas of sustainable development and social progress has become an equally important activity for organisations globally (De Kleijn, 2006).

With companies selling similar products and services, the parameters associated with profitability have changed in the last few decades. Organisations are addressing international markets, the stakes are high and so are the associated risks. There have been several controversies, accidents and scandals involving the governance of well-known corporate names. This has led to the need for long-term sustainable development for

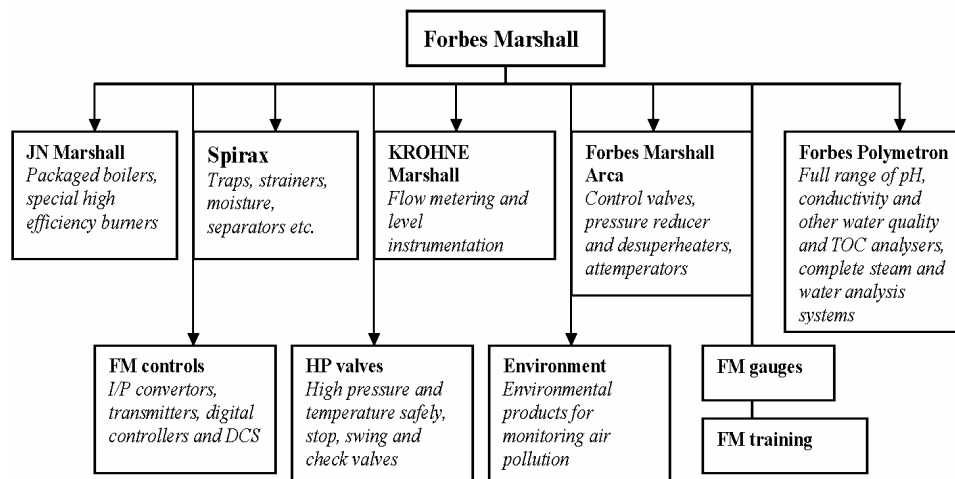
organisations as noted by Middlemiss (2003). Sustainability is the ability to provide for the world's current population without damaging the ability of future generations to provide for themselves (<http://www.sustainabletable.org/intro/dictionary/>). When a process is sustainable, it can be carried out over and over without negative environmental effects or impossibly high costs to anyone involved. The World Business Council for Sustainable Development (2007) described corporate social responsibility (CSR) as 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.

In emerging economies, firms are expected to assist their local communities. Frynas (2006) mentioned that interest in CSR in countries such as India, Pakistan and China has dramatically risen over the past four years. He makes special mention of countries like Malaysia and India where the social obligations of firms towards employees or wider society have long been recognised.

2 Case study site

This case study enumerates the sustainable practices of Forbes Marshall, a privately held, family owned company in India. The firm's philosophy for sustainability is directed towards making people self-dependent. The company is a Pune-based multi-divisional, ISO 9001 certified global business manufacturing advanced engineering products for process industries across the world. The firm specialises in products and services that assist in achieving process efficiency and conservation of energy. It comprises seven business divisions, manufacturing industrial machineries that cover the entire spectrum of energy generation, energy efficiency, control and instrumentation for the process industry and has offices and collaborations worldwide. This achievement has come through within a span of 50 years (Figure 1).

Figure 1 Divisional companies of Forbes Marshall



At present, the factory premises are located in the Kasarwadi industrial area in the suburbs of Pune. The official website of Forbes Marshall (www.forbesmarshall.com) indicates that what makes it stand out in the crowd is its unique corporate structure and commitment to quality along with its extensive community and social service program. In 1958, when the company was first established, the suburb of Kasarwadi had a population of about 3,000 people, lacked street lighting and basic sanitation facilities. The first community development projects that the company took were directed towards these areas.

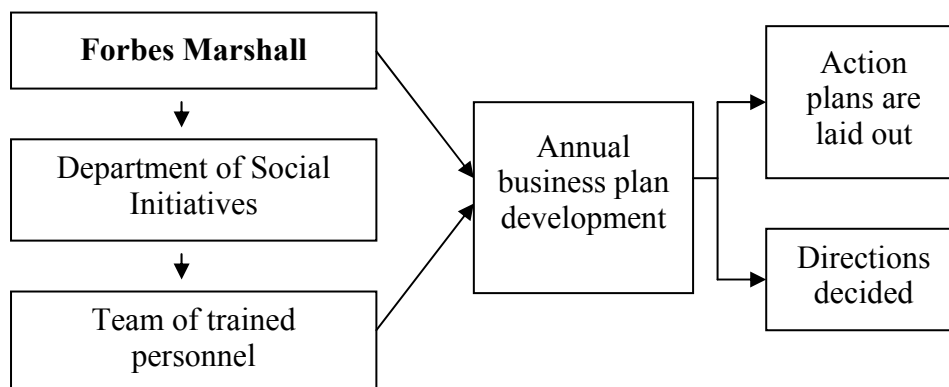
The social initiatives of Forbes Marshall are focused around the three neighbouring areas of Pune; Kasarwadi, the industrial suburb where the main factory is situated; Morwadi, an urban slum adjacent to another group factory and Bopkhel, a village near Kasarwadi.

Social responsibility for the case study company is not about expanding their financial bottom line. It is part of their organisational culture, where the employees are tuned to the idea of sustainable development by way of in house newsletters that highlight the various social initiative activities of the company. Lectures and workshops are conducted to involve the employees in the social initiatives programs and spread awareness of critical social and health issues.

The unwritten but well practiced philosophy behind the company's social initiatives programs is that they do not lead people into believing that they can get things for free. Even if nominal, one must pay for the services received and the firm will only act as a catalyst in making the social changes. This philosophy is reflected in the manner in which the social initiatives programs are carried out. The company has a dedicated department, Department of Social Initiatives (DSI), which is free to utilise a fixed percentage of the company's profits every year for all its projects. The department is managed like any other business. It works with stated objectives, measurable goals and business plans. (Figure 2) The methods adopted by the DSI of Forbes Marshall are focused on playing a catalysing role in making positive changes happen.

Typical interventions by the DSI are in areas of health, education, women empowerment and community development. However, it must be noted that the department does not decide what is good for the community, the community groups talk about their overall impediments and what needs to change.

Figure 2 The organisational structure of the social initiative department



The objectives of the current study was to provide an assessment of the social initiative practices of the Forbes Marshall manufacturing company based at Pune, India and how its proactive approach has upgraded the lifestyles of neighbouring communities. Specifically, interviews were held and it was tried to ascertain the role of this company in providing benefits related to health, education and empowerment of women and overall development of its neighbouring communities.

3 Methodology

The data for this case study was collected by conducting personal interviews of the section managers of the DSI, Forbes Marshall, Pune, India. The company website and published materials were also used to collect information about the company profile.

The DSI of the case study company had two section managers. They were asked open ended questions during a personal interview and the information thus gathered was used to report the results. The same questions were addressed to both the respondents: how does the department manage the social initiatives programs in areas of health, education, women empowerment and community development? What have been its achievements? What were the challenges faced and what have they learned from this? Did they have any measurement tool or reporting format for all the activities they performed over a financial year?

4 Results and discussions

4.1 CSR, sustainable development and social initiatives

The results of the interviews indicated that inside the factory premises, the Sherenaz Medical Center provided medical aid and consultancy to the employees as well as to the local population of Kasarwadi, Morwadi and Bopkhel. A token sum of Rs.2 (i.e., 0.04 USD) was paid towards availing the medical services. The inpatients paid for all the medicines and other requirements while the company paid for the services of the doctors. The hospital staff conducted health awareness talks on issues related to HIV/AIDS, basic nutrition, and dental hygiene for children etc. In 2007, a total of 30,588 outpatients registered at the hospital.

Forbes Marshall realised that the overall literacy level is low in India. For any economic progress, more and more people should be educated. Thus the focus was to provide quality education to all those who would not otherwise be able to afford it. The programs supported by the company ranged from preschool programs to employment generation programs for the age group 18–24 years (Table 1).

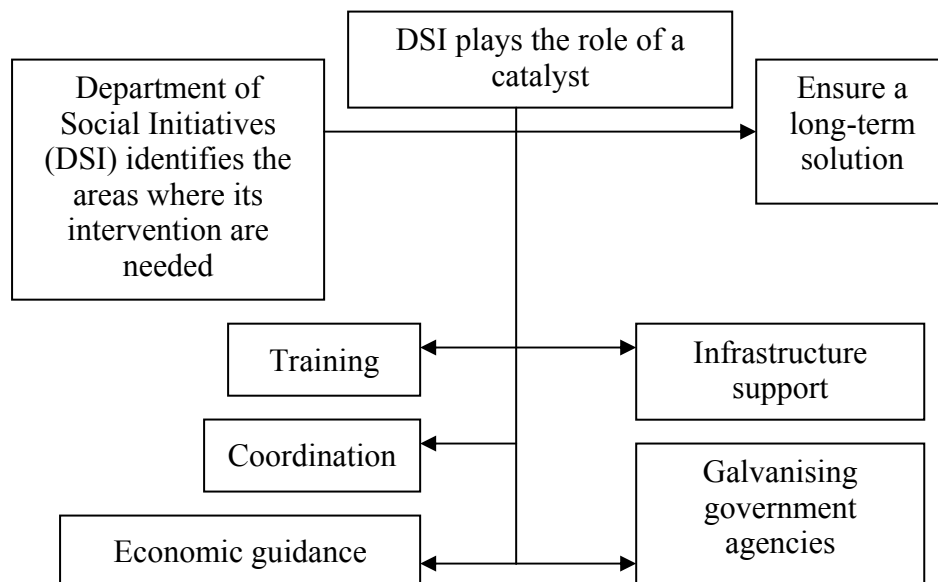
Livelihood Advancement Business School (LABS) program has been sponsored by corporate houses from Pune with great success. This is a three month training program developed by Reddy's foundation (http://www.drreddysfoundation.org/live_labs.htm). The limited educated youth or those from underprivileged households benefit from this program. The aim is to place these youth in relatively well paying jobs after training them in the areas of hospitality and customer service. Forbes Marshall has been collaborating with LABS since 2003 and has assisted in the training of around 369 youths (174 males and 195 females). A Pune LABS consortium was formed in 2006 with many companies in order to develop the project further.

Women empowerment is perhaps the most dynamic aspect of the social initiatives of Forbes Marshall. The company has started several self help groups through which it runs various skill-training programs for women. The self help group members are encouraged to get involved with activities like bottling ready to eat pickles, provide packed lunches to office goers, sell handicrafts, paintings and home made snacks. They earn substantial money to meet their immediate needs. The group has even started its own credit cooperative society, which has about 2,500 members.

Table 1 The educational programs supported by the case study company, Forbes Marshall in Pune, India

<i>Program</i>	<i>Location</i>	<i>Details</i>
Fun preschool	Pune	Program started in 1999 in Kasarwadi. Now the company has shifted its focus to training the teachers in the existing schools. It has partnered with local municipal authorities to provide an in-service training program for 135 pre school teachers.
‘Perna Kendras’ (or motivational centres)	Four locations in Kasawadi, Morwadi and Bhopkhel	Started for the municipal school going children in December 2003. Children between the ages of 6–10 years get helped with language and math skills by trained local ladies.
Balbhavan	Six locations in Pune suburbs	This activity provides children with an avenue for structured recreation and expression.
‘Akanksha’ (aspiration)	Four centres across the Pune suburbs	An after school program to teach English to young children along with confidence building and inculcating good values.

Figure 3 The methods of participative technique used by the DSI and the forms of support that they provided to community groups



The firm has also collaborated with the local municipal corporation and child welfare department to conduct vocational training courses for women. The 'Shakti' (meaning strength in the local language) group, set up by the company provides support and counselling to wives of alcohol abusers. Depending on their skills and aptitude, women are trained in making handicraft items and snack food items by resource persons hired by the company. The DSI assists in marketing of these products. This helps in generating revenue for the women and over the years many of them have set up their own businesses and become self-sufficient. Figure 3 provides the outline of all the activities undertaken by DSI.

Forbes Marshall has been teaming up with various non-profit organisations towards providing counselling, psychological support, awareness programs on substance abuse, HIV/AIDS, value education, career guidance through street plays, film shows and poster exhibitions.

While machines manufactured by the company save energy, their commitment towards environment has translated in initiatives/activities leading to garden maintenance, wet garbage recycling and used office stationery recycling. Local municipalities provide land on which the company maintains gardens. This ensures patches of greenery amidst fast moving city traffic. The technique of vermiculture has been effectively implemented at the factory premises to recycle wet garbage. The employees are encouraged to deposit used office stationary, old calendars in baskets placed strategically inside the office premises by DSI. These are recycled to make teaching aids and greeting cards at the welfare centres, which are then either sold or donated to non-profit organisations.

DSI supported the Center for Environmental Education, a local non-profit organisation, in educating citizens not to dispose their house waste in the Ambilodha stream in Pune. This particular stream has been burdened with pollutants and waste materials.

The section managers of DSI concluded that working with community groups is a challenge, especially when dealing with the local political bodies. Coping with and changing the attitudes and behaviours of community members requires delicate handling and great deal of sensitivity. The effort not to make the community members dependent on the organisation is difficult but considered essential for sustainability.

A limitation in this study is that the organisation has not conducted any survey/research to assess qualitatively or to quantify the benefits of its social initiatives. There is no financial reporting of the social initiatives undertaken by the organisation. Thus, it is difficult to evaluate the good practices with respect to sustainable growth.

Environmental and social issues may drive the financial performance of companies (De Kleijn, 2006). De Kleijn reported statements by some companies taking social initiatives because of potential damage to reputation. CSR is no longer perceived as a charitable or philanthropic activity and is seen as a self-sustainable holistic approach (Sailaja, 2008). Any form of charity or donation amounts to corporate philanthropy and may not contribute to sustainability. The conclusions based on historical perspectives, philosophical analyses and practical considerations with respect to CSR show that there cannot be uniformity in the manner in which organisations embrace this trend. One must accept various and more specific definitions matching the development, awareness and ambition levels of organisations (Van Marrewijk, 2003). For sustainable development too, similar openness should be encouraged enabling organisations to formulate their specific good practices.

The challenge of sustainable development is a complex one. In developing economies, it is more than simply managing the environment or the economy. Economic development can no longer be moving on its own. Jeffrey D Sachs, Director, The Earth Institute at Columbia University, Special Advisor to then UN Secretary General Kofi Annan, in his address at the Inaugural session of the Delhi Sustainable Summit 2004, noted that economic development of a country cannot ignore long term environment needs; development and environmental sustainability are part of the same process. Leading perspectives, a CSR publication from BSR-business for social responsibility, reported in its Fall issue about a limited number of standards that have been developed to provide guidance for companies seeking to report on their social, environmental and economic performances.

The Global Reporting Initiatives (GRI) has published sustainability reporting guidelines (http://en.wikipedia.org/wiki/Global_Reporting_Initiative). More than 1,000 organisations from 60 countries use the guidelines to produce their sustainability reports. The sustainability reporting guidelines can be downloaded from the GRI website (www.globalreporting.org) for easy reference. Companies like Forbes Marshall may use these guidelines to highlight their sustainable practice which are similar to the ideas expressed in the said guidelines.

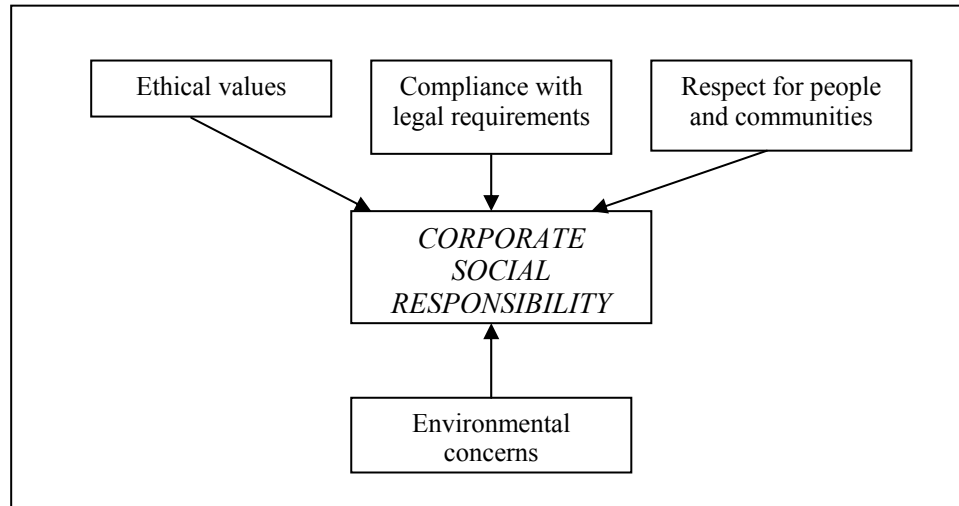
4.2 The Forbes Marshall's approach towards sustainable development

The approach of Forbes Marshall towards social initiatives programs does not appear to be influenced by either of the factors mentioned by De Kleijn (2006). Yet it is interesting to note that the kind of work it is doing matches the expectations of a majority of the people in India (Figure 4). The AC Nielsen Corporate Image Monitor reports through its findings that in India, nearly 73% of the respondents interviewed felt that companies should take greater responsibility and ownership in rural welfare and poverty eradication, development of health and hygiene and primary education and training. Forbes Marshall is addressing issues in all the above mentioned areas (<http://www.moneycontrol.com/india/news/pressnews/cim-benchmarks-top-20-corporatesindia-acnielsen/263871/1>).

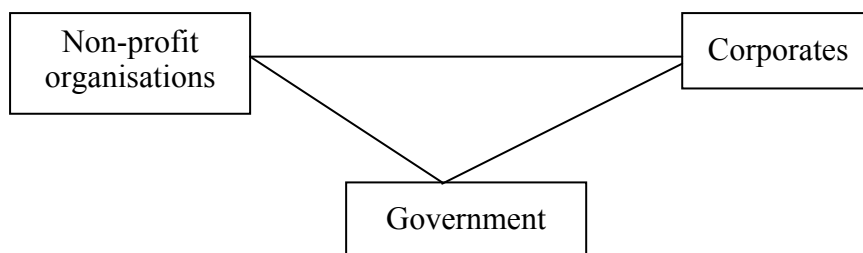
The stakeholders of sustainable development are all the members of society of which women make almost half the group. All affirmative actions to ensure empowerment of women are necessary to make them equal partners in the development process (http://emfor.nic.in/dicisions/ic/wssd/doc4/consul-book_persp.pdf). This justifies the efforts that the case study company is making towards the empowerment of women in its neighbouring communities and its eventual contribution to sustainable development.

In addition to interventions by the DSI, the organisation also believes in partnering with Government bodies and non-profit organisations with expertise in a particular area to achieve some positive change concerning environmental issues and the community. The interpretation of the Forbes Marshall's activities towards the community and the environment can be modelled as show in Figure 5.

In closing, in India, companies are still not legally bound to formally report CSR activities (Kinjal, 2008). Thus, it may take some time before the social initiatives of companies such as Forbes Marshall are formally reported and published. The proactive measures to contribute positively to society by the company described in this case study are a practice that leads to sustainable development and is worth emulating.

Figure 4 Components of CSR

Source: Adapted from 'An Indian perspective of Corporate Social Responsibility' (Kinjal, 2008)

Figure 5 The sustainability model for the social initiatives of Forbes Marshall

Acknowledgements

The author is grateful to Ms. Rati Forbes of Forbes Marshall, Pune, India who gave consent for this study. The author would like to thank the section managers of DSI of Forbes Marshall, Ms. Meghana Marathe and Ms. Bina Joshi for providing the information reported in this study. The author would like to extend her gratitude to all the reviewers whose valuable input helped in shaping this article.

References

- De Kleijn, A. (2006) *Financial Stakeholder Influence on CSR Activities*, electronic version, pp.22–23, accessed 27 March 2007, available at <http://www.basisboekmvo.nl/images/mvo-scriptie/7%20A%20de%20Kleijn.pdf>.
- Frynas, J.G. (2006) 'Corporate social responsibility in emerging economies', *Journal of Corporate Citizenship*, Winter, Vol. 24, pp.16–19.

- Middlemiss, N. (2003) 'Authentic not cosmetic: CSR as brand enhancement', electronic version, *The Journal of Brand Management*, Vol. 10, No. 4, pp.353–361.
- Sailaja (2008) *Emerging Models of Corporate Social Responsibility HRM Review*, January, Vol. 3, No. 1, pp.10–13, Icfai University Press, available at www.iupindia.org.
- Kinjal, S. (2008) 'An Indian perspective of corporate social responsibility', *HRM Review*, Vol. 3, No. 1, pp.14–18, January, Icfai University Press, available at <http://www.iupindia.org>.
- Van Marrewijk, M. (2003) 'Concepts and definitions of CSR and corporate sustainability: between agency and communion', *Journal of Business Ethics*, Vol. 44, Nos. 2–3, pp.95–105.
- World Business Council for Sustainable Development (2007) 'Meeting changing expectations – corporate social responsibility', accessed 15 March 2007, available at <http://www.wbcsd.org/DocRoot/hbdf19Txhmk3kDxBQDWW/CSRmeeting.pdf>.