

A Social Responsibility: A case Study of Maruti Udyog Limited

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Abstract

Corporate Social Responsibility (CSR) is a concept that suggests that it is the responsibility of the corporations operating within society to contribute towards economic, social and environmental development that creates positive impact on society at large. As per as Corporate Social Responsibility is concerned, the Companies Act, 2013 is a landmark legislation that made India the first country to mandate and quantify CSR expenditure. A detailed survey of the available literature on 'corporate social responsibility' is undertaken for the theoretical underpinnings on the subject. Maruti Suzuki India Limited ('Company') has developed its Corporate Social Responsibility Policy ('Policy') in accordance with section 135 of the Companies Law 2013 and the rules made there under. The concept of corporate social responsibility has gained prominence from all avenues. So the Organizations must realize that government alone will not be able to get success in its endeavour to uplift the downtrodden of society
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Introduction

The role of business in society has been debated in economic literature since long. Society grant two very special rights to business houses to enable them to perform efficiently and effectively. The first right is 'potential immortality' and the second one is 'limited liability'. Business houses can justifiably take advantage of these rights if it fulfils its duties as a good corporate citizen. Economic development and an improved quality of human life are the main motives of business and industry. This is what Corporate Social Responsibility is all about.

Corporate Social Responsibility (CSR) is a concept that suggests that it is the responsibility of the corporations operating within society to contribute towards economic, social and environmental development that creates positive impact on society at large. Although there is no fixed definition, however the concept revolves around that fact the corporations needs to focus beyond earning just profits. The term became popular in the 1960s and now is formidable part of business operations. According to Organisation for Economic Co-operation and Development (OECD) "Corporate responsibility involves the search for an effective 'fit' between businesses and the societies in which they operate". According to United Nations "Corporate responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders"

Like other concepts, CSR also came to India from the western economies and has been evolving in due course of time. The concept differs from basic philanthropy and charity where there is not much accountability or responsibility attached. Whereas CSR activities quite simply suggests that businesses cannot succeed in isolation.

Review of Literature

Windsor (2001) article examined the future of Corporate Social Responsibility or the relationship between business and society in long run. The researcher tried to find out that whether the organization and society will come closer to each other in future or not and what will be the changing phase of CSR.

Nigel Sarbutts (2003) the paper explored the way of doing CSR by small and medium sized companies. The research depicted that a structured approach to managing corporate reputation and profit maximization of SMEs through CSR. The societal activity of small and medium sized companies is based on their Cost Benefit Analysis. Small Corporation always struggle for more reputation and minimization of risk. In such a situation, CSR comes as hope for these companies. Large companies have so many resources for implementing CSR activities but SMEs have less resource. It can be a barrier for them to stay in the market. So, in that situation by imparting much information, proper utilization of resources, doing well for businesses, SMEs can minimize their risk and manage CSR.

Moon (2004) paper examined the role of government in driving corporate social responsibility among the corporate. The study explained that the drivers of CSR are related with business and society. Business includes its reputation, corporation itself, employee's relation knowledge, goals etc. further, the study cleared that government is driver of CSR by making this relationship true and fair through making policies and regulations.

Samuel O. Idowu (2007) with their study of twenty companies in U.K., propounded that the U.K. companies has now become ethical in the content of social responsibility as companies disclose its CSR activities because the companies think that stakeholders of twenty first century are better educated.

Truscott, Bartlett, Trwoniak (2009) paper "The reputation of Corporate Social Responsibility industry in Australia in Australian marketing journal, based on case study methodology. On the basis of the interview of key persons of industries in Australia, the term CSR has been explained. The industrialist revealed that CSR increasingly has become significant. They shared their views of CSR in economic, legal and ethical roles of business in society. Beside this, the industrialist viewed CSR as a model of corporate reputation.

Shah, Bhaskar (2010) has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd. in their research work. The research has discussed that there is a broad relationship between the organization and society. Organization has its existence only with the society. Organization used the resources/inputs of the society like material and human etc.

Borogonovi, Veronica (2011) article in knowledge@ Wharton, stated that today, CSR has different meaning for different companies. Some termed CSR in the sense of social issues while other for environmental issues. But there are not any mandatory guidelines for CSR so that the problem of areas of CSR can be sort out.

The Economic Times (11 Jan.2013), news highlighted about the company Dell's strategy of motivating its employees in initializing CSR. The news discussed that company's employees are

the power that forced the company to do more for the society. Company with its employees has engaged in social responsibility activities in the areas of education, environment and employees welfare. Beside Dell Company, the news also discussed about other companies like Maruti and Godrej that these companies also provide induction training to its employees for preparing them for community services. Maruti Company run a program named e- parivartan for a group of employees to make them aware about community problem and their solution.

Need of CSR

CSR is responsible for generating a lot of goodwill to companies either directly or indirectly. These include

- Making employees more loyal and help companies retain them in the long run.
- Make companies more legitimate and help them in accessing a greater market share.
- Since companies act ethically, they face less legal hurdles.
- Bolster the goodwill of companies amongst the general public and help in strengthening their “brand value”.
- Help in the stabilization of stock markets in both the short and long run
- Help in limiting state’s involvement in corporate affairs as companies self-regulate and act as most ethical.

The Companies Act, 2013

As per as Corporate Social Responsibility is concerned, the Companies Act, 2013 is a landmark legislation that made India the first country to mandate and quantify CSR expenditure. The inclusion of CSR is an attempt by the government to engage the businesses with the national development agenda. The detail on corporate social responsibility is mentioned in the Section 135 of the Companies Act, 2013. The Act came into force from April 1, 2014, every company, private limited or public limited, which either has

- Net worth of Rs 500 crore or
- Turnover of Rs 1,000 crore or
- Net profit of Rs 5 crore

needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The corporations are required to setup a CSR committee which designs a CSR policy which is approved by the board and encompasses the CSR activities that corporations are willing to undertake. The act also has penal provisions for corporations and individuals for failure to abide by the norms. The details of the same are highlighted in the act.

Scope of Work

The work will involve the reviewing and studying the corporate social responsibility (CSR) initiatives of Maruti Udyog Limited with a view to understand the current thinking of the corporate and the activities undertaken by it in this regard. The study would help other small and medium sized companies, to actualise their CSR interventions.

Methodology & Sources of Data

A detailed survey of the available literature on 'corporate social responsibility' is undertaken for the theoretical underpinnings on the subject. Available information /data about the CSR activities is taken out from the annual reports and web site of Maruti Udyog Limited.

CSR – Endeavours of Maruti Udyog Limited

Maruti Suzuki strives to be a people's company. Not only is it completely dedicated to the customers, but also to the communities around. Their CSR programmes tackle social issues at both local and national level in order to develop impactful and sustainable social programmes that leave a visible impact for the future generations.

Maruti Suzuki India Limited ('Company') has developed its Corporate Social Responsibility Policy ('Policy') in accordance with section 135 of the Companies Law 2013 and the rules made there under. Some of the Initiatives of the company are:

PehniKya? (Use of seat belts)

As per the Road Accident data revealed by the Ministry of Road Transport and Highways (MoRTH) 5,638 people who lost their lives in 2016 were not wearing seat belts. According to World Health Organization (WHO), use of seat belts, the primary restraint system, can reduce the risk of fatality by 45-60% that means more lives can be saved with a simple act of buckling up. PehniKya is a pan-India social campaign by Maruti Suzuki to create awareness about the benefits of wearing a seat belt, attack misconceptions and negative attitudes around seat belts and persuade families to ensure seat belt usage at all times in the car. The 360-degree campaign is active across all the platforms including print, television, and radio digital and on ground events.

Maruti Suzuki understands the importance of making Indian roads safer. That is why; the company runs a nationwide road safety programme to promote safe driving habits via various initiatives. The two most important initiatives among these are:

Institutes of Driving and Traffic Research (IDTRs)

These institutes, spread over almost 10 acres each, work in close association with a number of state governments. The main focus of the IDTRs is to train passenger and commercial vehicle drivers with the help of world-class training infrastructure and qualified trainers. The use of scientifically designed training tracks and simulators keep the training environment in these IDTRs very close to the experience of actually driving on Indian roads. Over the years, IDTR

have built a reputation of being among the finest driving and road safety training facilities in India.

Maruti Driving Schools (MDSs)

Established in partnership with authorised Maruti dealers, the 417 MDSs aim at nurturing a safe driving culture through special theoretical sessions, test tracks, and driving classes on the road. These schools are credited with having introduced advanced driving training simulators for better judgement, and also with familiarising drivers with the concept of route maps for a more holistic on-road practice. Apart from Institutes of Driving and Traffic Research and Maruti Driving Schools, the company also has several other initiatives such as Train the Trainer Programme, Road Safety for Truck Drivers and various city specific road safety programmes which focus on addressing the issue of road safety. The Road Safety Knowledge Centres (RSKCs) were established in partnership with the Haryana Traffic Police. The company signed a MoU with the National Minorities Development and Finance Corporation in 2013-2014 under which it has trained over 92000 existing and new young drivers from the economically weaker sections of India's minority communities between 2014 and 2017. To ensure that the drivers transporting Maruti Suzuki vehicles follow the best driving practices, the company offers them road safety training.

Under Jagriti programme, star commercial vehicle drivers who transport Maruti Suzuki vehicles are rewarded for having an excellent track record of damage-free and timely delivery of cars. Training millions of new and existing drivers, Maruti Suzuki continuously strives to make Indian roads safer with the help of these initiatives. With more than half of its total economic output coming from the service sector alone, maintaining and constantly expanding the size of its skilled labour force is imperative for India. Keeping this in mind, Maruti Suzuki has partnered with a number of state governments to adopt several Industrial Training Institutes (ITIs). With this initiative, the company aims to make a large section of the youth employable by the automobile industry.

Skill Development

Maruti Suzuki's Skill Development programme consists of three key elements:

Up gradation of Government ITIs

In partnership with state governments, the Company is adopting ITIs and through its various interventions upgrading physical infrastructure and workshops, training faculty, and providing exposure to students on Japanese shop floor practices,

Faculty Development

Maruti Suzuki works in close association with the faculty at the ITIs to improve teaching skills and methodologies. Working on varied aspects of faculty skill development, such as behaviour,

work culture, and teaching techniques, the company assists the teachers in preparing students for the growing demands of the automobile industry.

Student Development

Under this arm of the skill development initiative, students are tutored by Maruti Suzuki trainers in areas related to car service, repair, and maintenance. This is independent of their regular curriculum at the ITIs. To further the company's holistic approach, students are also trained in various soft skills such as discipline, personal grooming, and interpersonal communication skills.

Industry Connect

Maruti Suzuki also arranges for industrial outreach programmes where experts from the automobile industry are brought in as guest speakers to the ITIs. These interactions with the experts not only help the students get industry-specific training, but they also enable them to upgrade their skills. Apart from this, the company often invites students and faculty for factory visits so they can familiarise themselves further with the demands of an industrial environment. The Skill Development initiative is working closely with 141 ITIs across 27 Indian states as of 31st March 2017.

Skill Enhancement in Automobile Trade

To help workers adapt to the changing demands of the industry, the Company has set up Automobile Skill Enhancement Centres (ASEC) at 60 ITIs. Each of these centres is equipped with a model workshop on which practical training is imparted by full time trainers provided by the Company.

Japan India Institute for Manufacturing

In 2016-17, the Governments of Japan and India signed an agreement to create a pool of skilled manpower for manufacturing in India. To translate the vision of this partnership, the Company embarked on setting up the first Japan-India Institute for Manufacturing (JIM) at AS Patel (Pvt.) ITI, in Ganpat University, Mehsana, Gujarat.

Up gradation of Government ITIs consists of the following:

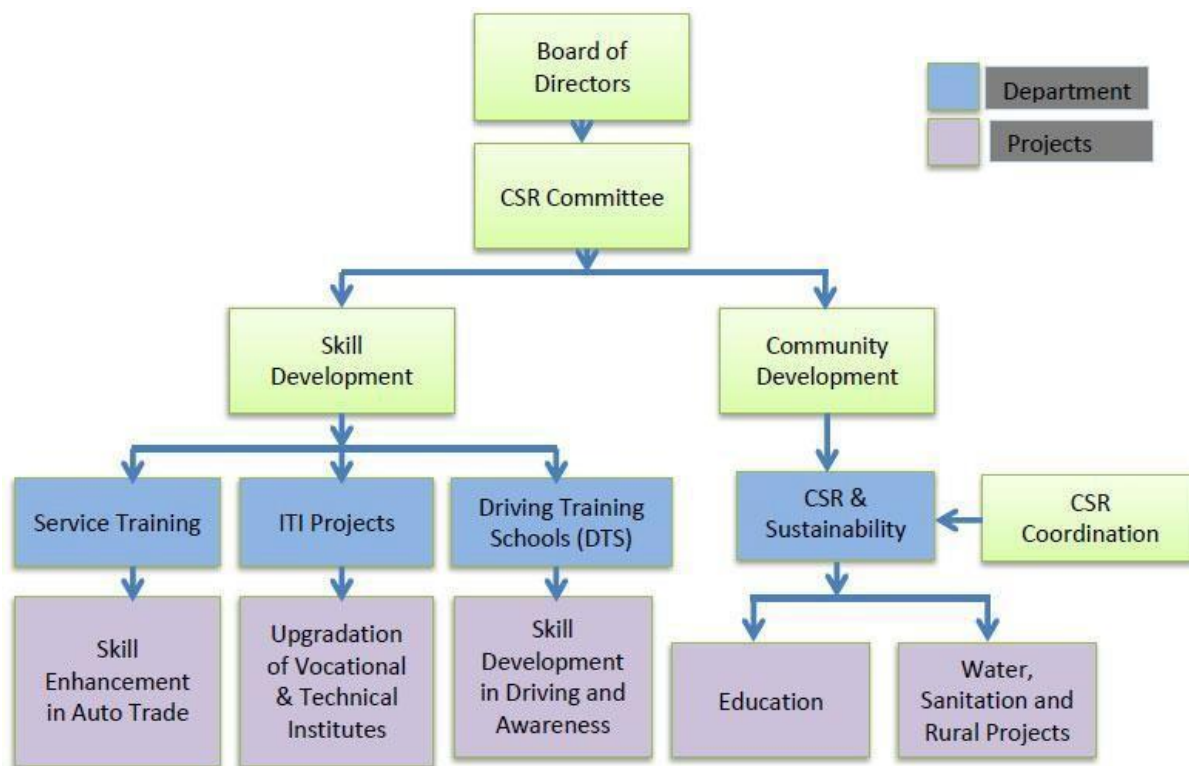
Environmental Policy

In order to pass on to the next generation a clean environment and a bountiful society, Maruti Suzuki realize that the actions of each and every one of us have a great effect on our earth's future, so we must make every effort to preserve our environment and as such Maruti Suzuki India Limited, manufacturer of passenger cars and utility vehicles at its plants in Gurgaon & Manesar and R & D Centre in Rohtak is committed to:

- Protect the environment including prevention of pollution, sustainable use of natural resources and climate change mitigation from its activities, products and services.
- Maintain and continually improve Environmental Management System to enhance environmental performance.

- Working collaboratively with customers, suppliers and the surrounding community for environmental issues.
- Strictly observing environmental laws.

CSR Governance Structure of Maruti Company



Conclusions

Maruti Udyog Limited is working tremendously in the field of corporate social responsibility. The initiatives taken up by the company will definitely bring improvement to make our society a better place to live in. The concept of corporate social responsibility has gained prominence from all avenues. So the 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 stems from the desire to do well and get self-satisfaction in return as well as societal obligation of business.

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