

Column | A Force Called Team CSR India

India has a long tradition of paternalistic philanthropy dating back to 300 BC. More recently, big family-owned firms such as Tata were active in providing basic services such as schools and health care to local communities long before the 1960s when CSR started becoming fashionable in the West. For the rich, who have prospered as the economy has boomed in recent years, generous philanthropy is also a way of heading off a backlash against business. For Hitachi's India Business Support Centre, the need for identified CSR activity emerged from the specific business target of turning Hitachi into a billion dollar conglomerate in India. One of the strategic actions aimed at achieving this goal was to enhance Hitachi's "presence" while engaging stakeholders in solving social issues through the business. Specific CSR activities were recognized as contributing to this goal. It needs to be mentioned here that, although the company normally demonstrates very socially responsible behavior, there was also a need to have it perceived as such by the broader community.

EARLY DIRECTIONS

At India Business Support Centre (IBSC), two important projects were taking shape as part of normal business activity. First was the development of the Neemrana Shared Energy Centre to provide low-cost and reliable electric power to Japanese companies in the region (Rajasthan, India). This would both create jobs in the community and help preserve health standards by reducing environmental disturbance in the region. This project was adopted as an Early Bird project in a joint statement by the prime ministers of India and Japan in October 2008. The second project was to help the development of the newly created Indian Institute of Technology Hyderabad, to which the Japanese government had also committed support. The support provided to this high-level education and research institute included lectures, donations of power tools, and exchanges of ideas on industry-academia cooperation.

At the same time, Hitachi India was also busy preparing to celebrate the 50th anniversary of The Hindu-Hitachi Scholarships in April 2009.

These were all socially responsible activities of national or even bilateral importance, yet there was no clear mechanism behind these that could be recognized by the broader populace. The

recognition required to provide impetus to Hitachi's business growth was not forthcoming.

To be in harmony with CSR (corporate social responsibility) as expected in Indian society, IBSC surveyed existing practices in India. Two important trends emerged. Firstly, there are four key themes in Indian CSR programs: community, education, environment, and health. Secondly, significant use is made of trusts (foundations) to deliver these CSR programs.

In order to align with Indian expectations, IBSC explored the possibility of setting up a foundation from August 2008. The data on Indian companies and their activities was shared with Hitachi's Advisory Committee in India, which is comprised of senior managers from Hitachi group companies, in November 2008. The committee agreed to set up a task force to study further the merits of a jointly funded foundation.

CHANGE IN WIND

The change in the prevailing economic wind had become unmistakable by December 2008. With the economic downturn and stiffening of competition, the need for visible CSR activity as a differentiator to fuel business growth increased.

Secondly and simultaneously, Hitachi's precarious financial situation wiped out the possibility of new investment to create a charitable trust. Thirdly, the unfolding of the Satyam scandal which involved falsification of accounts at an Indian IT (information technology) company led to calls for greater vigilance and the accompanying need for risk mitigation.

NEW DIRECTION

One of the lessons that emerged from the Satyam scandal was that having a charitable trust was no insurance against reputation destruction. Guidance was sought to help identify a new direction and training was arranged at Hitachi's Head Office in February 2009 funded out of Hitachi Asia's budget. Executives from the CSR Promotion Department explained Hitachi's global CSR policy and IBSC made a strategic decision to align itself with this policy.

Several questions arose, including whether CSR at Hitachi group companies should be implemented through strong guidance from a central agency, and what should the core activities be?

These matters were taken up again with Hitachi's India Advisory Committee in April. A new four-leaf clover CSR strategy for India (see Fig. 1) was adopted as the basis for group-wide CSR activity in India, and it was decided that, while remaining

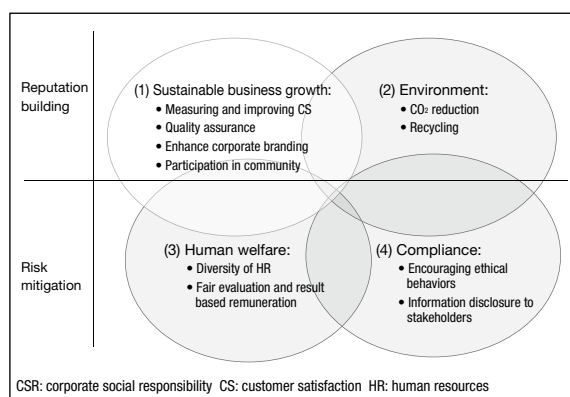


Fig. 1—Four-leaf Clover CSR Strategy for India.

within this common platform, each group company should follow its own individual plan based on its own priorities. The core companies agreed to start by assigning managers and arranging for their training.

IMPLEMENTATION UNLEASHED

Six companies came together for the first training seminar held on 6th July 2009. At the seminar, Mr. Kazuhiro Mori, Executive Vice President and Executive Officer of Hitachi, Ltd. remarked that attention to CSR had a fundamental role to play in Hitachi's global expansion. He encouraged the participants to pursue CSR diligently at their respective companies and expressed his hope that the presentation of results at Hitachi Kai in October would show the fruits of the training and implementation activities. Mr. Mori noted with interest the formation of Team CSR India consisting of members from core companies and the intention to work under Formula Hitachi, Hitachi's approach to implementing CSR.

During the workshop, participants demonstrated their understanding that CSR under Formula Hitachi covers a wide range of routine business practices from sustainable business development through to customer satisfaction, the environment, human welfare, compliance, and so on. They learnt that Hitachi's approach to CSR is integrated into its



Fig. 2—Participants at CSR Workshop in July 2009.

business operations. Thus CSR at Hitachi in India is a part of the group's routine business operations and not a separate activity.

This training session was followed up in early August by a visit to each group company by Adviser Mr. Ushijima, an expert from the CSR Promotion Department. Meeting with the management of each company, the emphasis for the first phase was placed on highlighting existing activities that reflect the socially responsible behavior under Formula Hitachi for CSR. The results of this first phase were announced on 30th October at the Hitachi Kai in India. This is to be followed by publication of a pamphlet describing our achievements. It is hoped that disseminating this information will help reconfirm Hitachi's responsible behavior in Indian society.

CONCLUSIONS

The CSR activity being promoted by IBSC across the Hitachi group companies is aimed at solving issues that are fundamental to the circumstances in India through a "one-Hitachi" approach that enhances group synergies without adding any extra expenditure. To obtain these synergies, we need a common platform that can consolidate activities under the Hitachi CSR policy and increase managers' and employees' awareness of CSR. We need to identify the socially responsible behaviors latent in our normal daily activity with the aim of transferring best practice across the Hitachi group companies and conveying this message to the broader community so that we will be recognized as a reputable company. Whether it is by establishing a power plant at Neemrana that will help create jobs for the local community and improve health through reduced environmental disturbance, or whether it is by supplying power tools to help take the brilliant students at Indian Institute of Technology to an even higher level through "monozukuri" production methods, Hitachi

can sincerely demonstrate its worthiness and social responsibility to India and the wider world.

Three factors provide the impetus behind this initiative: the pioneering spirit and visionary leadership of the top management at the participating companies who provide the inspirational fuel, the team members who are the engine for growth, and the guidance from the CSR Promotion Department that steers us in a common direction under Formula Hitachi CSR. These three factors create the force that is Team CSR India (see Fig. 3).

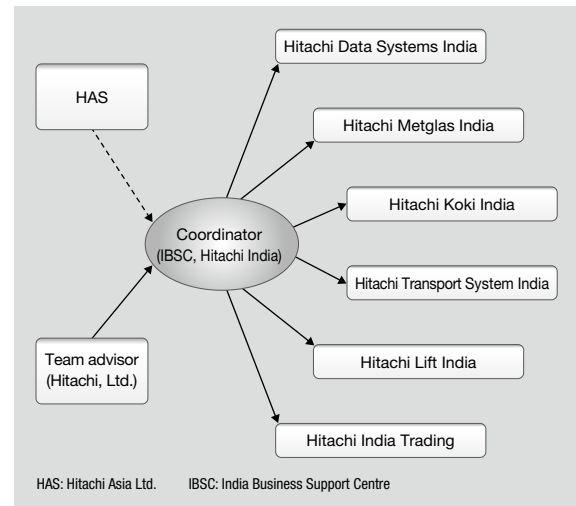


Fig. 3—Composition of Team CSR India.

ABOUT THE AUTHOR



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