

CSR: A Tool for Emotional Bonding and Strategic Marketing

(With special reference to Hero Honda Motors Ltd)

INTRODUCTION

India is a developing country. According to the provisional data available of the 15th Census 2011, India now has a population of 1.21 billion, comprising 624 million males and 587 million females. The preliminary figures of the census 2011 show that India's literacy rate has gone up from 63.83% in 2001 to 74.04% in 2011. Male literacy and female literacy stand at 82.14% and 65.46% respectively. Literates constitute 74 % of population aged seven and above. The density of population has gone up to 382 from 325 of census 2001. India has emerged as the fourth largest economy in the world in terms of Purchasing Power Parity (PPP) and is expected to rank third very soon. These data show that India will face challenges of fulfilling the basic needs of its population which requires sustainable development and inclusive growth because progress cannot be sustained without social harmony. Government is trying to take various steps. Government has initiated measures to not only stimulating faster but also more inclusive growth in the 11th Five Year Plan period from 2007 to 2012. The Government has also introduced several flagship programmes like Bharat Nirman, Mahatma Gandhi National Rural Employment Guarantee Programme, The Rural Health Mission, the Jawahar Lal Nehru National Urban Renewal Mission and the Sarva Shiksha Abhiyan.

On the other hand the business world is getting more competitive now-a-days. Companies are facing severe competition not by their domestic counterparts but also from MNCs. Customers in India are fast becoming aware of sustainability issues such as global warming, energy security and overall well being of the society. Sustainability means being concerned about ensuring win- win situation for all the stake holders at all the points of time. That's why

ABSTRACT

The business world is getting more competitive now-a-days. Companies are facing severe competition not by their domestic counterparts but also from MNCs. Customers in India are fast becoming aware of sustainability issues such as global warming, energy security and overall well being of the society. Sustainability means being concerned about ensuring win- win situation for all the stake holders at all the points of time. That's why Businesses today are realizing that world is not made of strangers, but of their own neighbours, customers, employees and share holders. Corporate houses are trying to do something different to gain the attention of their customers and to impart their responsibility towards the sustainable developments and inclusive growth of their nation. CSR is one of those practices. The business organizations exist in the society and it's the duty to give something back to society too. Therefore, corporate social responsibility is the commitment of a company towards society that extends beyond making profit. It is a continuing process by business organizations for economic development and enhancement of the quality of life of the workforce and their families as well as of the local community and society

Keywords: CSR, Emotional Bonding, Strategy.

Businesses today are realizing that world is not made of strangers, but to their own neighbours, customers, employees and share holders. Corporate houses are trying to do something different to gain the attention of their customers and to impart their responsibility towards the sustainable developments and inclusive growth of their nation. Corporate Social Responsibility (CSR) is one of those practices. It has become a tool for emotional bonding because emotional bonding is one of the factor by which a company can lead towards high growth. It is the commitment of a company towards society that extends beyond making profit. It is a continuing process by business organizations for sustainable economic development and enhancement of the quality of life of the workforce and their families as well as of the local community and society. By combining the social action with good community relations and employee development business provides solutions to social problems, strengthen to local economy, build goodwill towards their companies and achieve business goals.

CORPORATE SOCIAL RESPONSIBILITY

The business organizations exist in the society and it's the duty to give something back to society too. Therefore, corporate social responsibility is the commitment of a company towards society that extends beyond making profit. It is a continuing process by business organizations for economic development and enhancement of the quality of life of the workforce and their families as well as of the local community and society.

CSR is defined as "the ethical behaviour of a company towards the society". The corporate social responsibility is the future investment of the company. In the words of Lord Holme & Richard Watts, "*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.*" CSR helps organizations in building good relations with people, sustaining planet and generating profit. We can show this relationship as given in the following circle:

CSR: people, planet, profit

Days are gone when CSR was treated as charity and donations, now-a-days, CSR is a tool for

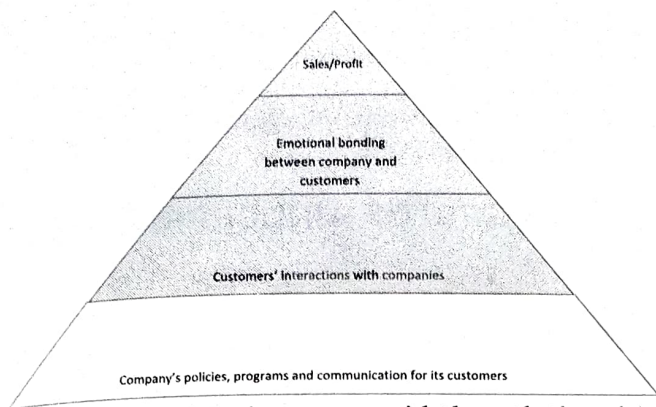
strategic marketing. It deals with two strategic issues, one, in which a company takes various steps to neutralize and minimize the *negative effects* caused by its processes or products and second, in which a company passes *positive effects* by using its resources and core competencies for the benefit of people and society. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and allocate budget for that.

Why are companies emphasizing strongly for CSR

1. Cut throat competition
2. Governments policies
3. Climate change and environment threats
4. Changing preferences and tastes of customers
5. Benefits of society
6. Scarcity of traditional source of energy
7. Increasing sales and profit
8. Employees turnover

CSR: A tool for emotional bonding

As we see that the business world is getting more competitive now-a-days. Companies are facing severe competition not by their domestic counterparts but also from MNCs. The Darwin theory is applicable in business too i.e. "*survival of the fittest*". In today's scenario of competition the corporations are trying to do something different to gain the attention of their customers. CSR is one of those practices. It has become a tool for **emotional bonding** because emotional bonding is one of the factor by which a company can lead towards high growth. Indians are full of emotions. Generally it is said that Indians take their judgments not by mind but by their heart. This is the logic behind the practices of CSR. Companies think that if they want to grow in Indian business environment, they will have to catch attention of the Indian people towards their deeds. And it can happen by creating the positive image of their company in the hearts of Indian people which will ultimately result in an emotional bonding with the Indian people. This emotional bonding provides the better sales results at the end of the day.



As we see in the given pyramid the relationship of company's policies, programs and customers' interaction results in emotional bonding which results in higher sales and profit.

Now with the help of an example from Hero Honda motors limited we can prove this association of emotional bonding. Hero Honda sales rise 20 percent at 466,524 units during January 2011 as against 389,802 during the same period of 2010. This is the ninth consecutive month of four lakh-plus sales, coming on the back of five-lakh plus sales each in October and December 2010. The cumulative sales of the company in the financial year so far - April 2010 to January 2011 - increased 16 percent at 44,14,537 units as compared to 38,03,396 units over the corresponding period.

The reason behind this sales growth is not only its new launches but its emotional bonding with its customers and society too. Its slogan "**Desh ki Dhadkan**" indicates the same philosophy of emotional bonding. The new song "**Hum main hai Hero**" again shows the same connection of 'Hero Motor Corp' with the Indian people. There are various CSR programs which associate Hero Honda with its customers and create its positive image which ultimately results in its sales growth. Hero Honda has been strongly committed not only to environmental conservation programs but also expresses the increasingly inseparable balance between the economic concerns and the environmental and social issues faced by a business. A business must not grow at the expense of mankind and man's future but rather must serve mankind. "**We must do something for the community from whose land we generate our wealth**"- Chairman Mr. Brijmohan Lall Munjal. Hero Honda Company is committed to demonstrate excellence in its environmental performance on a continual basis, as an intrinsic element of its corporate philosophy. To achieve this it has adopted following guidelines:

- Integrate environmental attributes and cleaner production in all its business processes and practices with specific consideration to substitution of hazardous chemicals, where viable and strengthen the greening of supply chain.
- Continue product innovations to improve environmental compatibility.
- Comply with all applicable environmental legislation and also controlling its environmental discharges through the principles of "alara" (as low as reasonably achievable).
- Institutionalize resource conservation, in particular, in the areas of oil, water, electrical energy, paints and chemicals.
- Enhance environmental awareness of employees and dealers / vendors, while promoting their involvement in ensuring sound environmental management

STAKEHOLDERS TIES AT THE GRASSROOTS

Hero Honda Motors takes considerable pride in its stakeholder relationships, especially ones developed at the grassroots. The Company believes it has managed to bring an economically and socially backward region in Dharuhera, Haryana, into the national economic mainstream.

An Integrated Rural Development Centre has been set up on 40 acres of land along the Delhi-Jaipur Highway. The Centre-complete with wide approach roads, clean water, and education facilities for both adults and children-now nurtures a vibrant, educated and healthy community. The Foundation has adopted various villages located within vicinity of the Hero Honda factory at Dharuhera for integrated rural development. This includes:

- Installation of deep bore hand pumps to provide clean drinking water.
- Constructing metalled roads and connecting these villages to the National Highway (NH -8).
- Renovating primary school buildings and providing hygienic water and toilet facilities.
- Ensuring a proper drainage system at each of these villages to prevent water-logging.
- Promoting non-conventional sources of energy by providing a 50 per cent subsidy on biogas plants.

RAMAN MUNJAL VIDYA MANDIR

The **Raman Munjal Vidya Mandir** began with three classes (up to class II) and 55 students from nearby areas. It has now grown into a modern Senior Secondary, CBSE affiliated co-educational school with over 1200 students and 61 teachers. The school has a spacious playground, an ultra-modern laboratory, a well-equipped audio visual room, an activity room, a well-stocked library and a computer centre.

RAMAN MUNJAL MEMORIAL HOSPITAL (RMMH)

RMMH is a multi-specialty hospital equipped with the latest diagnostic and surgical technology. The **Raman Munjal Memorial Hospital** provides healthcare to the rural population in and around Dharuhera, and also caters to accident and trauma victims driving along the Delhi-Jaipur highway.

RAMAN MUNJAL SPORTS COMPLEX

The **Raman Munjal Sports Complex** has basketball courts, volleyball courts, and hockey and football grounds are used by the local villagers. In the near future, sports, academics are planned for nation wide volley ball and basket ball, in collaboration with National Sports Authority of India.

VOCATIONAL TRAINING CENTRE

In order to help local rural people, especially women, Hero Honda has set up a Vocational Training Centre. So far 26 batches comprising of nearly 625 women have been trained in tailoring, embroidery and knitting. The Company has helped women trained at this centre to set up a production unit to stitch uniforms for Hero Honda employees. Interestingly, most of the women are now self-employed.

ADULT LITERACY MISSION

This Scheme was launched on 21st September, 1999, covering the nearby villages of Malpura, Kapriwas and Sidhrawali. The project started with

a modest enrolment of 36 adults. Hero Honda is now in the process of imparting Adult Literacy Capsules to another 100 adults by village heads and other prominent villagers. This motivates illiterate adults.

MARRIAGES OF UNDERPRIVILEGED GIRLS

Marriages are organized from time to time, particularly for girls from backward classes, by the Foundation by providing financial help and other support to the families.

RURAL HEALTH CARE

Besides setting up a modern hospital, the Foundation also regularly provides doorstep health care services to the local community. Free health care and medical camps are now a regular feature in the Hero Group's community outreach program.

The company also continued its strong endorsement and support to sports in the country with the Karizma ZMR Cricket Championship. Hero Honda, which is a global partner of the ICC, is currently hosting the championship across 75 cities in India and also in Colombo in Sri Lanka and Dhaka in Bangladesh, involving college cricket teams.

CONCLUSION

CSR is an essential element of present and future social policies of corporations. Organizations are realizing that CSR is not occasional event but a regular and continuous process for emotional bonding and strategic marketing. Companies can build good relations with people, media and their stake holders as well as they can enhance their sales growth.

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