

Corporate Social Responsibility Approaches Followed by Delux Sports International, Punjab, India

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Abstract

Delux Sports International, Punjab, India is the leading sports company of India engaged in the marketing and distribution of global sports and fitness brands. The company was started by brothers Mr. Ashok Aggarwal and Mr. Arun Aggarwal in the early 1970s and quickly went on to become the leading OEM to global cricket brands. The company has been deservingly conferred the Sports Excellence award for many years by Sports Goods Export Promotion Council for its contribution to export of cricket equipment from India and their corporate social responsibility initiatives. This case addresses their CSR strategies and subsequent growth to show how corporate social responsibility not only benefits the society but also adds value and goodwill to the company's name along with its impact on the company as a lucrative long term investment tool.

Keywords: Environmental strategy, employee welfare, philanthropy, investment tool.

Introduction to CORPORATE SOCIAL RESPONSIBILITY

“The simplest acts of kindness are by far more powerful than a thousand heads bowing in prayer.”

- Mahatma Gandhi.

Corporate Social Responsibility (CSR) is a business practice of utilizing the company's profits for the benefit of society; it is the act of giving back to the society by integrating social and environmental concerns in their business operations and interactions with their stakeholders. It encourages corporations to perform acts for the betterment of its employees, customers, the environment and the society as a whole. Companies now embrace the idea of Corporate Social Responsibility as it not only benefits the society but also assists in improving the company's image in the minds of its customers, helps in greatly improving any company's social status and goodwill. Companies have realized the importance of moving from an ad-hoc approach to a more structured one for a greater and lasting approach for the betterment of the society in which they operate. As a reflection of the values and ethics of firms, corporate social responsibility (CSR) has received a large amount of research attention over the last decade. CSR initiatives have become an important and integral part of many corporations and business' across the globe. The corporate sector is replete with examples of companies where CSR practices have not only established them as credible enterprises but also brought them business benefits like- cost savings, reducing risk, increasing revenue, building reputation, developing human capital and improving access to capital (Gupta and Sharma, 2009). Earlier it was considered that CSR is an added cost but now companies are embracing the fact that it is beneficial for the company as well as it operates on a multi-dimensional scale. It operates as an image booster, reputation enhancer, helps to achieve financial benefits, and create competitive advantage for all organizations (John, D., Vaios, K., Thanos, K., & Ourania, V. (2014). Thus in today's world many companies whether big or small are incorporating CSR initiatives within their business models to improve their foothold in the corporate world as size is no longer considered as a requisite to carry out social acts. Various industries have taken up CSR initiatives collectively and are giving up the ad-hoc way to approach their businesses.

Introduction to the SPORTS INDUSTRY

The sports industry is a market of people, activities, business, and organizations involved in producing, facilitating, promoting, or organizing any activity, experience, or business enterprise focused on sports. It is a market in which the businesses offer products to its buyers that are sports related. They may be goods, services, people, places, or ideas. The sports industry is one of the most fast developing industries in the world. Increasing number of people are participating in sports and recreational activities through a wide spectrum of events. The Indian sports goods retail industry has grown significantly over the years. Technology, with a few government initiatives, has led to cost-effective production techniques that are prerequisites for this highly evolving industry (Clay, 1995). The Indian sports goods retail sector is becoming intensely competitive, as more and more players are vying for the same set of customers and is witnessing a radical transformation. The increase in the number of retailers across the country indicates that the sports industry will boom in the near future. Manufacturing of various sports products and brands has tremendously increased over the last decade in India.

Corporate Social Responsibility in the SPORTS INDUSTRY

The sports industry, like many others makes for a very lucrative platform to perform CSR activities. Sports companies are no different than any other companies in their vision to earn profits and also have a positive feedback from their customers in the fields that they operate in (Sheth and Babiak, 2010). Though one might think they are not large scale industries and don't employ several people, they have a considerable impact on the economy of the area they operate in. The sports industry includes manufacturers of sports equipment, retailers of sports equipment and the team franchises that play the sport. Many sports companies have thus started CSR initiatives on a national and international scale. It is important for these companies to take up such activities as it can help with the all-round development of their company as well as promote the sport. Companies like Reebok, Nike and Adidas have, over the years, introduced many measures for the integrated benefit of the environment and the society. These companies not only pay importance to the environment but also give supreme importance to their employees and customers as a part of their CSR projects. They carry out several measures to ensure that their employees are given the best conditions to work in and also make sure that their customers are benefitted through their customer relationship management schemes. All companies are now moving towards sustainability of environmental as well as human resources. Social responsibility is however not only restricted to philanthropy or environmental concerns, it also includes elimination of unethical or illegal practices from the company. For example in the 1980s, the Reebok athletic footwear industry in the city of Fuzhou, China, has been criticized most intensively by journalists and anti-sweatshop activists for the unethical use of child-labourers in their factories, and since then it has been eliminated completely from their company and has now become a leading industry in the areas of CSR (Xiaomin Yuan, 2011).

Even in India we see many changes in the social scenario of the corporate world, companies like Nivia Sports and Delux Sports International have taken many CSR initiatives. Nivia has founded the NIVIA Charitable Hospital at Jalandhar in the year 2005. It is a non-commercial, non-profit trust setup to provide help and assistance to indigent people. Other companies like Rhiti Sports Private Limited have also taken initiatives to work for the betterment of the society. Mr. ArunPandey, owner of Rhiti Sports has been a forerunner in the field of CSR in his business and has setup many charitable organizations and also donates money to many schools assisting the differently abled students across India. Rhiti Sports has formed the MSD Charitable Foundation in collaboration with Indian Cricket Team captain, Mahendra Singh Dhoni. The organization aims at identifying cricketers across tier 2 and tier 3 cities and provides them with a platform to showcase their talent.

CHALLENGES in implementing CSR initiatives in sports industry *Globally*

The sports industry being a fast growing platform allows great scope to carry out various CSR initiatives but also imposes a greater challenge in implementing them. There is a growing realisation across the globe that the process of production and the industrial organisation of business has an important bearing on the social welfare (Nilesh Berad, 2011). However, since the sports industry is an unorganised and crude one, the scope for implementation of social welfare activities is limited. Some of the main reasons or challenges are listed below-

- **Lack of Community Participation in CSR Activities-** There is a lack of interest from the local community in participating and contributing to CSR activities of companies. This can be largely attributed to the fact that there exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR or to instil confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the basic levels
- **Industry Profile-** People don't expect CSR initiatives to be carried out by crude industries like the sports industry, especially the manufacturing sector, hence least is expected from those companies which in turn leads to lack of knowledge on the part of the local people who can indeed make massive contributions to the betterment of the society through the company's CSR initiatives.
- **Issues of Transparency-** Lack of transparency is one of the key issues that pose a challenge to implement initiatives. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies like NGOs and Charitable Organisations as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds. This reported lack of transparency negatively impacts the process of trust building between companies and the local communities, which is a key to the success of any CSR initiative at the local level.
- **Visibility Factor-** Since the sports industry is a grand platform the Media plays an important role in its visibility to the public. However, the media can garner positive as well as negative attention. Hence, the companies have to be very vigilant about all their activities. The role of media in highlighting cases of successful CSR initiatives is welcomed as it spreads awareness and sensitizes the local population about various on-going CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many nongovernmental organizations to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots interventions.

CHALLENGES in implementing CSR initiatives in sports industry, in India

India is a country of myriad contradictions. On one hand, it has grown to be one of the largest economies in the world, and an increasingly important player in the emerging global order, on the other hand, it is still home to a large number of people living in absolute poverty (even if the proportion of poor people has decreased) and a large number of undernourished children. What emerges is a picture of uneven distribution of the benefits of growth which many believe, is the root cause of social unrest. Governments as well as companies have responded to this unrest by incorporating social welfare strategies in their working models. Philanthropy and CSR are not novel concepts for Indian companies but there is bound to be struggle because of its very recent introduction to the Indian corporate scenario. Some of the main challenges faced by the companies in India are-

- **Unclear Understanding of CSR-** As social responsibility is a new concept in India, Non-governmental organizations and Companies usually possess a narrow outlook towards their CSR initiatives, often defining them more donor-driven than local in approach. Other aspects such as Environmental, Employee and Customer welfare, etc. are also often neglected; hence, companies cover only a very small fraction of society welfare. Philanthropy is a major segment of CSR but does not encompass all its elements, hence companies paying attention only to philanthropy often miss out on serving the actual purpose of Corporate Social Responsibility which is the 'Triple Bottom Line' approach, that considers the economic, social and environmental aspects of corporate activity.
- **Lack of Consensus on Implementing CSR Issues-** In India there is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.
- **Non-availability of Clear CSR Guidelines-** The Government has not set any clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program often resulting in few to nil initiatives from relatively small-scale industries.
- **Non-availability of Well Organized Non-governmental Organizations-** It is reported that there is non-availability of well-organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This reduces the capacity of the companies in carrying out their initiatives as they have limited access to such areas as compared to local agencies.

HIGHLIGHTS OF THE RESEARCH-

- Analyze the CSR practices adopted by Delux Sports International Private Limited, Punjab, India.
- To analyse the effects of CSR initiatives on Delux Sports International.

ABOUT DELUX SPORTS INTERNATIONAL-

Delux Sports is engaged in bringing the world's finest sports and fitness brands to the Indian consumer over the last few decades. The people at Delux Sports are driven by their passion and commitment to make available highly innovative products to recreational and serious players in India and to enable them achieve their highest potential. The company started as a manufacturer of cricket equipment in the early 1970s and quickly went on to become the leading OEM to global cricket brands. The company has been deservingly conferred Sports Excellence award for many years by Sports Goods Export Promotion Council for its contribution to export of cricket equipment from India.

As the Indian economy opened its doors to the outside world in early 1990s, the company ventured into various partnerships to exclusively represent global sports brands in the Indian market. Today, they pride themselves in having a wide portfolio of global sports brands covering various sporting categories like Cricket, Tennis, Squash, Badminton, Table Tennis, Basketball, Swimming, Darts, Pool tables and cues etc.

They have one of the largest distribution networks in sporting goods industry as they sell their products to sports retailers and wholesalers nationwide, specialty retailers, online retailers, organized sporting chains etc. Their experienced marketing team is continuously involved in various brand promotion initiatives including sponsorships at the grassroots, tournament sponsorships, affiliation with National and State sporting bodies etc. The initiatives have resulted in market leading positions for all the brands they represent in the Indian market. They have developed connections with various countries in the world like US, UK, Australia, New Zealand, South Africa and Dubai.

EXTANT CSR POLICIES

Employee Welfare

- Delux Sports International has always taken a keen interest in ensuring that their employees are given optimum working conditions and have initiated many plans for their welfare.
- They provide free medical insurance to all their employees and make sure that their family members are also benefitted from the plan.
- They have provided all the factory workers free housing in the vicinity. This not only saves the workers from expenses such as rent and electricity bill but also makes it easy to commute from their houses to the factory.
- All the workers and their family members are given free medical facilities from local hospitals; their bills are paid by the company.
- Bonuses and other incentives are given regularly to all employees to motivate them to perform better.
- They are given sweet boxes and monetary incentives during all festivals and are given a month of paid leave during the month of Diwali.
- The employees are provided assistance during important events like child birth, marriage etc.
- The company organizes yearly parties to celebrate it's success and the employees and factory workers are given the utmost importance at the event as the owners believe that it's their hard work because of which the company has achieved its star status.
- All the employees and workers have been enrolled in the EPF scheme of the Indian Act of 1952. This ensures monetary stability to all the employees. The company also pays yearly pensions to old workers who have ceased working in the company.
- The health of the employees has also been a keen area of work, other than providing medical insurance and other health facilities, it is mandatory for them to wear mouth masks and gloves while working in the factory to ensure that no hazardous pollutants enter their lungs.

Environment Policies

- The company has taken fewer steps towards environmental issues but plans on taking bigger initiatives in the future.
- They have rain-water harvesting plants in all their offices and in the main factory as well.
- They have also made their vicinity a **Plastic-Free Zone**. All the sports equipment are sold in bags made from cloth and polythene covers are avoided at all offices and showroom outlets.
- All the offices and factories have been aesthetically decorated with a number of green plants. This not only creates a serene ambience, attracting more customers but also helps in reducing the ever increasing carbon-dioxide levels in the atmosphere.

Philanthropy

Mr. Ashok Agarwal and Mr. Arun Agarwal are known throughout the state of Punjab for their philanthropic work and generous donations to charitable trusts and Non-Government Organizations.

- Due to their generous donations, they have been conferred with the honorary posts of Chairman and President of many charitable institutions. Mr. Ashok Agarwal is the president of *Dainik Prathana Sabha*, an old age home and charitable trust. Likewise, Mr. Arun Agarwal is the chairman of *Shishu Vidya Mandir*, a charitable organization that provides free education to children.
- Free food and blankets worth more than Five Lakh are given to all homeless people during the winter season.
- They also hold free medical and health check- up camps for the people and provide free treatment to those who cannot afford the expenses.
- During the year 2011, when Dengue outbreaks among people had become very common, and many people were dying due to lack of treatment, the company sponsored many health care centres and a team of doctors was appointed to give free vaccinations against Dengue to the entire village.
- Having expanded their business to many cities like, Mumbai, Delhi, Bangalore and Dubai, the company has also started funding many blind schools and opportunity schools across these cities.
- Recently, in the year 2014, a new program was started by Delux Sports International through which the best students from top schools of Punjab will be given a scholarship to fund their higher education. Various old-age homes across India receive a monthly donation through the company.
- Delux Sports International donates more than 10% of the profits annually and apart from the Philanthropic work, they have also served the society in many other different ways.

OTHER ACTIVITIES

- They have sponsored street plays that educate the society about social evils like child-marriage (which is still prevalent in some of the remote and backward parts of the country), sati etc.

- Mr. Ashok Agarwal is an active member in the RSS wing of Punjab and has helped in abolishing many drug-camps from there.

FUTURE PLANS

- They have plans to collaborate with NGOs and spread awareness in the society.
- To adopt villages and help people to become a part of the mainstream corporate world.
- Balance the gender ratio in their offices to promote gender equality at all the levels in the society.
- Sponsoring events for women empowerment, education etc.
- Coming up with customer relationship plans and engaging them and informing them about the key business decisions.
- Increasing contacts in places like USA and UK to reach out to more people.
- Getting employee feedback and working on deficient areas.
- In the future they plan to increase awareness about environmental hazards by educating the people about the various ill effects on pollutants and how the villagers and factory workers can take steps to control it. They also have plans to make a safe garbage disposal system in the vicinity of the factory to make Biogas, which will then be provided to houses of factory workers and employees for cooking.

Delux Sports International, AN INSPIRATION TO OTHER COMPANIES

The company has been able to successfully carry out their CSR initiatives and has hence become a socially responsible company. According to statistics measured by the company's finance department, the growth in sales and overall market share, locally, has increased by 4.7% every year after they started implementing their CSR programme (Annual Report, 2011). At this rate we can calculate that over the last five years the company's market share has increased by 23.5% (average) only due to their CSR programme. Hence, one can comprehend that Corporate Social Responsibility helps in building a better society and also helps in forming a strong customer base and is a long term investment tool for every company. Other retailers, especially sports firm can be inspired by Delux Sports International and incorporate CSR initiatives in their businesses as the above example clearly shows how CSR not only benefits the society but also benefits the company in a myriad of ways. Other companies should understand that Corporate Social Responsibility is every corporation's duty towards the society they operate in. Paying close attention to the needs of the employees, environment and the society is very critical as it improves the conditions of the people around us and also helps in the holistic growth of the company. As seen from the above example, benefits of practicing Social Welfare activities are many and the drawbacks are very few hence each company should include CSR in their business models.

CONCLUSION

Integrating corporate social responsibility (CSR) initiatives in businesses is one of the great challenges firms face today. Societal stakeholders require much more from the firm than pursuing profitability and growth. It is the responsibility of stakeholders to make sure that their businesses ensure that the society is benefitting from it. The several steps taken by Delux Sports International show that a company can indeed make a lot of difference in the society, in which it operates, if it has the vision to do so. These initiatives show that Delux Sports has now become a socially responsible company and it can form a basic model to other companies who wish to incorporate CSR in their business plans. These initiatives have not only helped in forming a formidable customer base but have also added immense value to its market foothold both nationally and internationally. It has helped in benefitting the society as well as creating goodwill for the company brand. Thus, we can say that CSR is a lucrative long term investment tool.

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