

Corporate Social Responsibility and Business Ethics: A Study of Textile Industry

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Abstract

The concept of Corporate Social Responsibility (CSR) can be stated as something, but not always the same thing to everybody because the concept of CSR is transforming and evolving day by day. More and more industries are contributing towards CSR initiatives. CSR is giving back to the society in forms of economic, social or environmental benefits. Following the Companies Act 2013, Garments companies are pursuing their corporate social responsibility more professionally than before. More companies are now spending 2% or more of their net profits on CSR activities. The aim of this paper is to study textile industry in the light of CSR initiatives taken by them and the Business Ethics involved in it. This paper further investigates the impact of CSR initiatives and also the value systems that underline their business activities concerned with textile industries. The methodologies adopted for carrying out this research is mainly based on secondary data and the nature of this paper is purely deductive in character.

KEYWORDS: CSR initiatives, Business Ethics, Inductive, value system, CSR.

Introduction:

India's Textile industry is well organized and is among the best in the world. In Textile industry India upholds second position after china. Due to cheap labor rates, India has a advantage in making and exporting stylish clothes. India's Textile industry has been growing rapidly in last few years .The Textile industry is of major importance to the Indian economy as it contributes major share in India's GDP. According to IBEF (India brand equity foundation) .India's overall textile exports during FY 2017-18 stood at US\$39.2 billion. India's textile industry contributed 7%of the industry output of India in 2017-18. More than 45 million people have been employed in Textile industry in 2017-18. The contribution of Textile industry in India's GDP stood at two percent. The sector contributed 15% to the export earnings of India in 2017-18.The CSR norms and requirements have brought a whole range of new economic opportunities into the textile industry. CSR is the process by which an organization thinks about and evolves its relationship with the stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus, CSR is not charity or mere donations. CSR is away which visibly contributes to social good .secondly , responsible companies not only limit themselves to using resources to engage in activities that only increase their profits but also they use CSR to integrate economic , environmental and social objectives with the company's operations and growth .In the last few years India has emerged as the fastest growing economy. And with the second largest population of consumers in the world, India is emerging as a major player in the global apparel market place (Halepete and Iyer, 2008) yet very little research has been done regarding CSR initiatives of the textile industry in India. But textile industry results in various harms to environment. The most important environmental hazards from textile are:

1. Use of water
2. Generation of waste contaminated with hazardous substances
3. Use of chemicals

4. Hazardous and toxic waste generation

Wet processing under Textile industry involves lots of energy, water and chemical. Every fabric goes to this process of wet processing. In this process textile is cleaned, dyed, bleached and finished in the moist environment. This process is very harmful for the environment because it involves lots of energy and toxic substances.(KIRIAN-CILLIZ , 2003). So due to these hazards of the Textile industry, it is the responsibility of the Textile industry to fulfill their CSR requirements and give back to the society from whom these industries had taken much to increase their profits.

Rationale:

In this modern era of technology and fashion, clothing plays an important role. Textile industry is very much connected to our day to day life. And for some being properly dressed is the way of life. Food, house and clothes are considered basic necessities for human life. So, all in all textile industry is very much important today. If something is done with good heart always wins appreciation. In case of textile industry, if the clothes that we wear are made up good intentions, and it does not involves any exploitation or forced labor or it involves contribution to some social cause than it increases value of those clothes in the eyes of the customer. We somewhere feel connected to what we wear. So, this is the reason for my research paper, to know the CSR initiatives and ethical practices of the Textile industry

Objectives:

- To know the CSR initiatives of the Textile industry.
- To know the Business Ethics involved in the Textile Industry.
- To know, the active participation in the CSR by the textile industries.
- To know the areas of CSR expenditure by the textile industries.

Literature Review:

As a resource-intensive sector, Textile industry needs to compensate for using the planets' reserves and mitigate its damage to the natural environment. It uses a magnitude of resources, needed for production, therefore the important activity is to handle waste efficiently and diminish environmental impact.(Paulina Ksiezak,2016).CSR is seen as contributing to developing and retaining workers with positive implications for enhancing productivity.(Patsy Perry, Steve Woods, and John Fernie, July 2014). Higher percentage of female (23%) participants had supported causes through their apparel purchases than males (18.8%) participants. More than 50% of the respondents who said they had supported a cause through their apparel purchases indicated that their household income was greater than USD50000. (S. Diddi and L.S Niehm,March,2016). CSR is important in terms of buying apparels but customer did not want to pay unreasonably high prices or compromise quality for the sake of social responsibility. Ultimately, many believe that it is the retailers job to adhere to socially responsible practices and that the retailer, not the consumer, should absorb the cost of CSR. (Megha Gupta, 2012). If CSR wants to live up to its name, in order to improve the social and economic situations for their workers and their environment, instead of creating more profitable business model, demands of the workers should be taken in to full consideration. Therefore more structural more power imbalances and the dominant neoliberal order have to be contested. (Nena Bode , July 2013)

Research Methodology

The data have been collected from various secondary sources like, journals, books, magazines and websites relating to CSR. No specific statistical tools have been used for the analysis. This study is deductive in character and nature as majority of the data has been derived from secondary sources.

Discussions and conclusions:

According to Textile excellence, of the 50 companies analyzed in the study, 45 textile companies contributed Rs 68.52 cr. towards CSR initiatives in 2014-15 out of which 49% contribution was made in education and 18% supported healthcare. Only 2 % contribution was made in skill development .The number of Textile companies preparing Business Responsibility Report has

gradually risen from 5 to 7 in the last three years. All the companies had a CSR policy in 2014-15 whereas only 16% had a CSR policy in 2010-11. There are many Textile companies which has now started active participation towards CSR initiatives. Companies such as Aditya Birla Nuvo, Donear Industries, Raymonds, Arvind, Century Enka, among others are quite proactive. Grasim, Bombay Dyeing, Indo Rama, Vardhman Textiles and Nitin Spinners are classified active. And a long list of 29 companies including SRF Ltd., JBF Industries, Sangam India Ltd. Alok Industries, Himatsingka Seide are passive. If we think about Textile Industry, we will find that Textile Industry has been enjoying the benefits of the CSR initiatives of the Non-Textile Industries because many companies have been working towards skill development programs in rural and semi-rural areas. These companies are helping poor tailors, weavers and craftsmen in enhancing and developing their skill. Due to this CSR initiatives of the other Industries are creating skilled and semi-skilled workers for Textile Industry.

Some CSR Projects of the Textile Industry:

Sutlej Textile And Industries Limited: In 2017-18 Sutlej Textile had spent 6.26 cr. towards CSR initiatives. It had spent in the areas of Health, Education, Environment and Relief projects. The Company organizes free medical camps in nearby villages and also helps in promoting Swachh Bharat Abhiyan. Sutlej also provides cash rewards to female students to encourage them to pursue further education. It also distributes free books, and bags to underprivileged children. The Company has undertaken tree plantations in its premises to improve green cover and also funded afforestation efforts in Kathua town by adopting certain stretches of roads for improvement. This company also invests in eco-friendly and reliable technologies.

Century Enka Limited: In 2017-18 Enka limited had spent 2.06 cr. amounts against the prescribed 2.02 cr., towards CSR initiatives. The company had spent in the areas of Education, Infrastructure and health care. The company has helped in setting up vocational training centre in the vicinity of Bharuch site. This institute offers vocational training in 6 trades. The company has offered money in community welfare also. Under drinking water project, they installed bore

wells in 2 villages. Under street light project it installed 27 electric poles and lights. The company has spent some amount of money in promoting healthcare in following way :

1. Eye check up: Company has organized 4 eye check up and operation camps in a year.
2. Operation camp: Company conducted an operation camp for the people suffering from Hernia, Hydrocele, Lipoma and similar diseases in the vicinity of its Bharuch site.
3. General medical check-up: General health check up was organized and free medicines were given.
4. Blood donation camp: Blood donation camp was organized and 121 units were given to Red Cross Society, Rajpipla, Dist. Narmada.
5. Every year Kanya Kevlani Mahotsav is organized by the government of Gujarat for enrolment of child. The company participated in the event and also distributed educational material and uniforms to over 90 students of a school Shahad, Dist., Thane, and Maharashtra.

Grasim Industries Limited: The Company had spent 29.84 cr. Amount on CSR initiatives against the prescribed limit of 22.14 cr. In the year 2017-18. The company has spent in the areas of Disaster Relief Programs, Natural Resource Conservation income generation programs, Animal Husbandry, Agriculture and Horticulture, Promotion of heritage and culture and sports, Mpower Projects, Educational programs, Social security, Vocational Training, Institutional building, livelihood infrastructure, Eradication of poverty, Reproductive and health, HIV awareness program, community awareness programs, and promoting preventive health care. The company has contributed some amount of money for Bio gas Program, Solar Energy and other Energy Program like low smoke wood stoves/sky light, plantation / Green belt development/ Roadside Plantation, soil conservation/ Land improvement, water conservation and harvesting, community pasture land development/ Orchard development. Some of the other programs are following:

1. Integrated Livestock Development Centers has been established in the villages. The centre provides live stock breed improvement services to the surrounding 62 villages.
2. At Nagda, Rehla, Renukoot, Indian Rayon, Indo Gulf and Vilayat, company familiarised 4589 farmers with innovative cropping techniques which was a fine learning experience.

3. At various centers 2269 women were trained in different skills. These comprise of tailoring, crafting, handbags, purses, animal rearing, and vegetable farming as well as shop keeping.
4. The company enrolled 1167 girls in the KGBVs and government schools round manufacturing units.
5. The company has spent some money on Rural Infrastructure Development. The 4 dams constructed at Nagda on the river Chambal continue to benefit nearly 2 lakhs people to drinking water.
6. In collaboration with District health department, 341256 children were immunized against polio and 7137 children for Diptheria, Typhoid, measles, and Rubella at Harihar.
7. For preventive healthcare company reached out to 74430 villagers in hinterland through their rural mobile medical van services.

Grasim Industries limited has been proactive towards CSR initiatives. It has done lots of work towards society and environment.

Manyavar: The Company has spent 1.36 cr. Amount in the year 2016-17 towards CSR initiatives against the prescribed limit of 1.32 cr. I t has spent money in the areas of Education, Animal welfare and health care. It has spent 0.75 cr. For the promotion of education. Manyavar makes an active commitment to human respect. Manyavar's Manas Foundation provides funding for heart surgeries for the needy .It also provide financial and medical help to the tribal. Some initiatives are mentioned below:

1. Manas Foundation: Overtime, Manas has sponsored 800 plus surgeries worth Rs 3.5 cr. At Rabindranath Tagore International Institute Of Cardiac Sciences& The Mission Hospital.
2. Friends of Tribal People (FTS): The Company works towards the upliftment of the Tribals and deprived people.
3. Parivaar: A humanitarian service organization works for complete care and overall development of orphans, girls who are highly vulnerable to exploitation, victimization and trafficking with its own formal school "AMAR BHARAT VIDYAPEETH".

4. Rural Health Care Foundation : It is a network of 10 clinics spread across West Bengal and has served over 10 lakhs patients .It provide affordable health care.

VF Brands India Private Limited: The Company has spent 1.60 cr. In the year 2016-17. The Company has spent amount in the areas of Eradication of Poverty and Hunger and in the promotion of preventive health care.

Obeetee private limited : The company has spent 0.50 cr. In the year 2016-17. The company has spent amount in the areas of Education, Women Empowerment, and Health care.

AYM Syntex Limited: The Company has 0.88 cr. In the year 2016-17. The company has spent amount in the areas of promotion of Education, Benefits to Armed Forces, Administration and Drinking water facilities. The company has spent amount for CSR monitoring and administrative overhead including salaries, administrative expenses of the Industrial Training Institute and carrying out research and studies for CSR activities

Vardhman Textile Limited: They have company has spent 5.41 cr. in the year 2016-17 towards CSR initiatives. The company has spent money in the areas of Promotion of Education, Solar lighting Systems, Promotion of Arts and Culture, Rural development, Health care, Sanitation and Drinking Water facility .The Company has provided solar lights to the Mandi area of Pilikarar Panchayat.

Arvind limited : The company has spent 8.85 cr. Amount in the year 2016-17 towards CSR initiatives against prescribed limit of 8.76 cr. The company has spent in the areas of Heritage and Culture, Animal welfare, rural development, Preventive health care and Promotion of Education .The Company supported Lalbhai Dalpatbhai Bhartiya Sanskriti Vidyamandir (LDBSV) for a project on “Promotion of Indology”.Gyanda is a unique supplementary education model designed for Primary, secondary and higher secondary school going children studying in municipal schools. It prevents them from dropping out of school. At present 1200 students are part of the Gyanda family in Ahemdabad. The company has also established Arvind Medical

centers in association with swasth India Foundation . It provides quality Health care and Dental care.

Jockey (Page India Limited): The Company has spent 2.02 cr. Amount in the year 2016-17 against the prescribed limit of 5.80 cr. It has spent in the areas of Health care, promotion of education and in the Prime Minister Relief Fund.

Raymond Limited: The Company has spent 1.53 cr. Amount in the year 2016-17 towards CSR initiatives. The Company has spent in the areas of Arts and Culture, Animal breeding program, Vocational Training, and in Health care. Through the JK Trust Gram Vikas Yojna , Company aims to significantly improve the quality life in rural areas in Cattle Breeding Program. This program has benefitted 4.5 million people across 45000 villages in 11 states of India. The Company also provides skill training through various skill training institutes. The Company has institutes in Patna, Lucknow, Jodhpur and Jaipur. In the area of Health care, Company has undertaken activities of raising awareness about Cancer, treating patients suffering from Cancer and treating patients suffering with renal ailments.

Siyaram: The Company has spent 2.13 cr. In the year 2016-17 towards CSR initiatives. It has spent in the areas of Education, Healthcare, and Public Service

Being Human: This fashion brand works towards free heart surgeries for the children below age of 5 years. In which 50% sponsorship is given by being human foundation and 50% sponsorship is given by fortis hospital. Around 500 heart surgeries has been done under this partnership. So there CSR ideology revolves around giving back to the society in form of better health to the next generation.

CSR and Business Ethics

In this era of globalization in the economy, Ethical values play an important role in the universal recognition of an enterprise. Various Companies are undertaking various initiatives towards social challenges of globalization. Heads of the Companies are working towards improvement of the conditions of their employees through various innovative personnel policies. As a sense of

their social responsibility, Companies are going beyond their productive framework and recognizing the importance of ethical values in enterprises. India is the biggest manufacturer of Textiles and apparels in the world and supplies many leading brands. Indian domestic market accounts more than 40 % of the industries revenue, Indian domestic market is huge in size. Indian Textile sector is dominated by small and medium sized enterprises that are why competition is very high among companies. There is a pressure of reduced costs and quick production. Many use forced labor, while abuses including withheld salaries and debt bondage are most common, according to activists. According to World Bank, hourly rate of wages in India of Textile sector is 1.06\$ as compared to China (2.60\$), it is very low. Low margins trickles down to cotton farmers. Indian cotton is genetically modified, its seeds cannot be replanted, and farmers have struggled with rising input costs and lower prices for cotton. Many indebted cotton farmers have killed themselves in the past two decades in the western states of Maharashtra. Best Business Ethics involves Fair Trade practices. It is based on dialogue, transparency, and respect that seek greater equity. Rights of the marginalized farmers and producers are secured through better trading conditions and it contributes to sustainable development. According to World Fair Trade Organization (WFTO), there are 10 principles of Fair Trade:

- 1. Opportunities for disadvantaged producers**
- 2. Transparency and Accountability**
- 3. Fair Trade Practices**
- 4. Fair Payment**
- 5. No Child Labor, No Forced Labor**
- 6. No Discrimination, Gender Equity, Freedom Of Association**
- 7. Good Working Conditions**
- 8. Capacity Building**
- 9. Promote Fair Trade**
- 10. Respect For The Environment**

Some Examples of Best Ethical Practices in Textile Industry in India:

There are some Companies in India which sources cotton, and audits its supply chain to ensure there is no child labor and that workers receive fair wages.

No Nastiest: It is India's first Fair trade licensed clothing brand and it closely works with Fair Trade India to grow the ethical consumer market in India. It involves Eco-Friendly Screen Printing, No Child Labor, Hand- made and hand printed, only 100% organic cotton, Plastisol free Inks, Better Wages, and Happier Workers. From seeds to Garments, at every step only best ethical practices are involved.

Do You Speak Green: This company provides consumers with ethical, fashionable and authentic eco- clothing at affordable prices. This Company uses sustainable blends of Organic Cotton, Bamboo, and Modal and even post consumer recycled polymers blended with organic cotton waste, to produce stylish clothes at affordable prices.

Fair Trade India: Fair trade India is working with small and marginal farmers. It is working with over 10,000 cotton farmers from Orissa, Andhra Pradesh and Madhya Pradesh. This organisation is working towards providing better treatment to farmers in terms of fair and sustainable income . This organisation emphasizes on fair trade standards which is a commitment towards fair prices to the farmers as well as to the investors. It also spread awareness towards the demand of exploitation-free products.

Samtana Eco Pvt Ltd: It is a ethical fashion brand. That works towards the co-existence of fashion as well as sustainability. This company sources sustainable fabrics from the farmers and then makes limited edition clothes. This company works towards eliminating poverty through fair trade rather than aid. This company is based in Bangalore.

More Companies in the Textile Industries are becoming more socially responsible, ensuring fair wages are paid, safe and clean working conditions are provided, offering tools and workshops to improve local community and supporting sustainable livelihoods. The following are companies that are doing their part to change the industry for the better:

Beaumont Organic, Bottle top, Braintree Clothing, Do You Speak Green, Elroy, The Ethical Silk Co, Gilda & Pearl, Here Today Here Tomorrow, Kuyichi, Lur Apparel, Mimco, Nudie Jeans, O My Bag, Pants To Poverty, Study NY.

There is a lack of technical know-how a lack of capacity, lack of awareness, about ethical supply chains, even among big businesses but things are changing now and Companies are taking steps towards best ethical practices in India in Textile Industry.

This research paper explains the various CSR initiatives of the different Companies in the Textile industry. Some companies are actively participating towards CSR and some are just fulfilling the criterion. Many companies are very much aware of the rules and regulations of CSR but still there is lack of awareness among small and medium enterprises in India. Government should make more stringent rules towards the implementation of CSR and Ethical practices of the business in the industry. And this research also explains that there is a lack of knowledge amongst companies that which areas should be considered while making CSR expenditure. Most of the companies are making investments in the areas of Education, Health and vocational training. That's true these are the most important concerns for the society but there are still some social issues which requires attention and expenditure as their CSR initiatives like Women Empowerment, Customer Welfare, Environment Protection, Community Welfare.

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