A Brief Investigation of CSR Initiatives of Tobacco Companies in India

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Abstract
Tobacco companies and Corporate social responsibility are something contradicting to each other. Tobacco company’s claims that they are doing ethical practices, while their product is not beneficial to its users except satisfaction. This paper is based on descriptive research with two objectives. Data sources are based on primary and secondary sources from twenty-five tobacco companies of India. Finding & Suggestion with conclusion and scope for future research are given in this paper.

Keywords---- Corporate Social Responsibility, Tobacco Companies, ethical values.

I. INTRODUCTION

Corporate Social Responsibility is the term used by companies, corporations, and business enterprises or by business organisations that’s to show their own responsibility towards other stakeholders of the business. These stakeholders include Shareholders, suppliers, society, employee, government, consumers/customers or any other party who are interested in business activity directly or indirectly.

The aim of Corporate Social Responsibility is to upliftment of living of standard and development of economy through adoption of village, agricultural development programme, animal husbandry, development of rural areas, awareness of national/states government schemes of ministry of Rural development, community development, environment sustainability, eradication of poverty, financial literacy, health care, promotion of entrepreneurship, promotion of tourism, promotion of Arts/culture/education/gender equality, rehabilitation and resettlement, generation of employment, water shade development programme/rain harvesting, reduction of carbon footprints etc; by the business entities.

The relationship between Corporate Social Responsibility initiatives and initiatives undertaken by Tobacco companies is questionable because the operation and products of tobacco companies is not hugely acceptable by our civilized society. Tobacco companies producing Gutka, Khaini, beedi, Tambacoo, Jarda and Cigarettes. These products are chewable, consumable and smokable depend upon the nature of product. These are injurious to health, its consumption cause death due to various types of cancerous diseases. Social responsibility means something, but not always the same thing to everybody. It means different meaning has evolved on the basis of each individual person’s perception.

At present various organisations have developed formal definitions of CSR, some of them are – World Business Council for Sustainable Development:
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.

II. LITERATURE REVIEW

Corporate Social Responsibility
The term Corporate Social Responsibility is used by different scholars, contributors and entrepreneurs etc. in different periods of time, with different purpose and objectives. There is no only one single globally acceptable definition of CSR. Votaw (1973) said that “corporate
**Indian organization for standardization ISO:**

CSR is a responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behavior.

**Business for Social Responsibility:**

Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.

**European Commission; Employment & Social Affairs:**

Corporate Social Responsibility is essentially a concept whereby companies decide voluntarily to contribute to a better society and cleaner environment.

A number of definitions for Corporate Social Responsibility have emerged over the years. The evidence of term ‘Corporate Social Responsibility were identified by Tilakosiri at el. (2012), explained the evolution of CSR as “CSR origins that began many centuries ago as for as 1700BC in Mesopotamia by King Hammurabi” whereas another scholars explained in their study that “In the late 1880s in the introduction stage of the industrialization it was broadly discussed whether or not companies should take their social responsibility (Carlsson, Johanna & Akerstom, Richard (2008). Actual evolution of term CSR assumed as from 1950s according to Carroll (1999).

Since 1950s (from Bowen written book Social Responsibility of Business man) to till today’s we have numbers of books, research papers and articles which are based on Corporate Social Responsibility. Rahman Shafiquar (2011) has identified them in their paper “Evaluation of Definitions: Ten Dimensions of Corporate Social Responsibility”. He has tried to explain the key factor (issues) of CSR in different decades.

<table>
<thead>
<tr>
<th>Year</th>
<th>Dimension</th>
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<tbody>
<tr>
<td>1950s</td>
<td>Obligation to society</td>
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<tr>
<td>1960s</td>
<td>Relation between corporation and society</td>
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<td>1970s</td>
<td>Stakeholders involvement, well beings of citizens, a philosophy that looks at the social interest, help solve neighborhood problems; improve the quality of Life; economic responsibility, legal responsibility, ethical responsibility and Discretionary responsibility.</td>
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<tr>
<td>1980s</td>
<td>Voluntariness; economically profitable, law abiding, ethical and socially supportive; ethical and philanthropic.</td>
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<tr>
<td>1990s</td>
<td>Stakeholder’s involvement; obligation to society; environmental stewardship; people, planet and profit</td>
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<td>21st Century</td>
<td>Integration of social and environmental concern; voluntariness; ethical behavior; economic development; improving the quality of life of the citizens; human rights; labour rights; protection of environment; fight against corruption; transparency and accountability;</td>
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**III. TOBACCO INDUSTRY**

Indian Tobacco Industry is one of the major commercial crops in India. In spite of the health hazards associated with it, the tobacco industry contributes significantly to the economy in terms of employment, income and government revenue. It is the second largest sector in terms of central excise revenue contribution. The industry also acts as a major foreign exchange earner for the government. Besides tobacco farming and production, the Indian tobacco industry also comprises company involved in manufacturing, sales and distribution of tobacco products like cigarettes, cigar, bidi and chewing tobacco (India Tobacco Industry Report 2014).

**Some Indian Players of this Industry are –**

- International Tobacco Co. Ltd
- Taminadu Tobacco Co. Ltd
- Trupati Cigarette Ltd
- New Tobacco Co.
- Western Tobacco Ltd
- Asia Tobacco Co. Ltd
- Raghunath Tobacco Ltd
- J & K Cigarettes Ltd
- North Eastern Tobacco Co. Ltd
- Kanpur Cigarettes Ltd
- Modis RJR Ltd
- Survann Filter & Tobacco Product Ltd
- Jupiter Tobacco Industries
- Kanhaya Tobacco Company
- MR Tobacco
- Sapna Enterprises
- Sudarshan Tobacco
- Indian Tobacco Co. Ltd
- Godfrey Phillips India Ltd
- Golden Tobacco Ltd
- VST Industries
- National Tobacco Co.
- Industries Ltd.
- Kothari Products Limited (KPL)
- Sri Jayalakshmi Tobacco Co Ltd.

**Products of Tobacco Industries.**

1. **Bidi** - Bidis are slim hand-rolled, unfiltered cigarettes that are rolled in brown tendu or temburni leaves and held together by a string.
2. **The Smokeless** – Khaini/ Kharra, Pan Masala, Mawa, Gutka, Zarda.
3. **Cigarette.** – Cigarette for women and men; for first time user and for regular users.

Benefits of Products to the consumer.
Nothing

Harmful effects of Products to the consumer.
Nicotine addiction, Cancers of the mouth, nasopharynx, larynx, trachea, bronchi, lungs, esophagus, stomach, liver, pancreas, kidney, bladder, prostate, cervix and brain; colorectal cancer; leukemia Atherosclerosis of the cardiovascular system, including coronary heart disease (with ischemia and infarction), cardiomyopathy, aortic and other aneurysms, cerebrovascular hemorrhages and blockages, Renal failure and peripheral vascular disease, Chronic obstructive pulmonary disease; emphysema; pneumonia; childhood asthma, Peptic ulcer disease and regional ileitis; cirrhosis of the liver; Immunological deficiencies and failures of endocrine and metabolic functions; cataracts; osteoporosis; optic neuropathy; infertility; fetal and neonatal deaths and child disabilities; and more(www.tobaccoindia.org).

IV. CORPORATE SOCIAL RESPONSIBILITY PRACTICES AND TOBACCO INDUSTRY IN INDIA

Developments in health and public awareness, litigation, regulation and the release of damaging internal documents pointing to questionable ethical behaviour all confirm the increasing social and financial pressure on the tobacco industry (Social Investment Forum, 1998). Contributing to the negative public image is the regressive effect the industry has on global poverty (Garnaut, 2002).

A survey conducted for Philip Morris by Anon in 2000, concluded that “The 1990s were a decade full of ‘negative surprises’” for the tobacco industry: multiplying law suits, discovery and release of millions of pages of internal company documents, increasing restrictions on public smoking, legislative investigations, and growing political pressures to regulate the industry; all had dire implications for investor confidence and share price. The average citizen already had a low opinion of the industry”.

In 2004, the World Health Organisation (WHO) published a report under the tobacco free initiatives “Tobacco Industry and Corporate Responsibility: An inherent contradiction” documenting how the tobacco industry of developed and developing nations uses Corporate Social Responsibility discourse to disguise many of its irresponsible practices.

The activities of Tobacco Industry and their efforts for corporate social responsibility contradict between their business activities and their responsibility towards societies. It has been heavily criticized and is now facing control via global regulation (Moerman, Lee C & Laan, S.L. Van Der, 2005).

Hirschhorn, N (2004) has mentioned in their research paper “Corporate social responsibility and the tobacco industry: hope or hype?” that “British American Tobacco and Philips Morris turned to the concept of Corporate Social Responsibility. Philip Morris has not issued a formal social report, choosing to declare its responsibilities on its web pages, while BAT has published two. How PM explored and formulated its version of CSR is found in the PM company documents, which this report examines. Comparable documents for BAT may exist at the depository in Guildford, UK, but were not searched for. In the end, however, both companies arrived at similar configurations”.

Another scholar Champan, S (2004) comment on tobacco industry as “The tobacco industry continues to seek corporate ‘respectability’, despite being responsible for the deaths of millions of smokers worldwide every year”. He strongly comments against the business activities of tobacco industry because it causes many dangerous diseases due to its product’s consumption.

Tobacco companies are facing the issue of child labour by which make profit from low wages and sale tobacco at cheap price. (Otanee, M. G et al. 2005), environmental issue is another matter such as deforestation use of non-biodegradable material/s in tobacco products, for instance cigarette butt. This problem’s solutions are seen by scholars Vaedavas, Constantine I. at el (2010). They find in their research that in developing and developed countries are restrict on uses of non-biodegradable products in manufacturing and marketing of tobacco product.

It is the good sign of tobacco companies which follow the framework of WHO ‘WHO Framework Convention on Tobacco Control (FCTC)’ that’s includes ‘restrict tobacco advertising, promotion and sponsorship on radio, television, print media and, as appropriate, other media’ this shows the good corporate citizenship through business activity.

Along With the FCTC government make effective public policies for tobacco control such as high taxes, strong graphic warning labels on packets, smoke free workplaces and public places, aggressive counter-marketing media campaigns (Sebrie, Ernesto & Glantz, Stanton A. 2006).

V. OBJECTIVE OF STUDY

To find out the Corporate Social Responsibility initiative taken by Indian Tobacco Companies.
To suggest the best Corporate Social Responsibility initiative for Indian Tobacco Companies.

VI. RESEARCH METHODOLOGY

This paper is based on descriptive research through census survey. Sources of data are primary and secondary. Primary sources include direct communication with company’s information officer/ manager. Secondary
sources includes company’s website, journals, company annual report. Twenty five companies are selected for study.

VII. FINDINGS

We find only out of twenty five only four companies are showing social responsibility towards different stakeholder of tobacco company (society, competitors, workers, government, suppliers and environment etc.).

CSR initiative of Indian tobacco Companies.  
1. ITC Ltd.  
ITC is the market leader in cigarettes in India. With its wide range of invaluable brands, ITC has a leadership position in every segment of the market. ITC's highly popular portfolio of brands includes Insignia, India Kings, Lucky Strike, Classic, Gold Flake, Navy Cut, Players, Scissors, Capstan, Berkeley, Bristol, Flake, Silk Cut, Duke & Royal. ITC's cigarettes are manufactured in state-of-the-art factories at Bengaluru, Munger, Saharanpur, Kolkata and Pune, with cutting-edge technology & excellent work practices benchmarked to the best globally. An efficient supply-chain & distribution network reaches India's popular brands across the length & breadth of the country. Its initiative includes.

enhancing environmental and natural capital; supporting rural development; promoting education; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India; preserving and promoting sports, develop the required capability and self-reliance of beneficiaries at the grass roots, especially of women, in the belief that these are prerequisites for social and economic development; skill building and vocational training, to enhance employability and generate livelihoods for persons from disadvantaged sections of society.

2. Godfrey Phillips India  
Its initiative includes.

focus on education and HIV/AIDS, contributing to the community through holistic welfare activities, safeguarding the interest of the farmers and helping women to enhance their livelihood opportunities, strive for developing educational infrastructure in backward regions, Disaster Relief and Rehabilitation.

3. VST Industries  
Social responsibility of Company has been actively discouraging child labor involvement in tobacco growing/processing. Company has also facilitated installation of solar lights in the tobacco growing areas in association with the village panchayats.

4. Kothari Product

Initiatives in the field of education, health, community centers, educational scholarships to physically challenged students etc.

VIII. LIMITATION

Various companies are not interested in sharing any information regarding CSR.

Literature on Tobacco companies and CSR in Indian context is not much available.

Time factor is another limitation of this study.

IX. SUGGESTION & CONCLUSION

All tobacco companies should voluntarily participate in Corporate Social Responsibility/ Community responsibility. Their participation will be surely beneficial to various stakeholders of the company.

Finding of this study is not satisfactory. Some companies are doing well in CSR. Many Indian tobacco companies are exporting their products to other developed and developing countries, then what is the reason that they are not involved Corporate Social Responsibility? It may be the topic of future research.

CSR Activities of Tobacco Companies Should be.

- Youth Smoking Prevention Initiatives should be started.
- Community Youth Smoking Prevention Programs to launch.
- Age Verification Cigarette Vending Machines should be installed.
- Improving Smoking manner and educate them their harmful effect.
- Creation of an Environment Where Smokers and Nonsmokers Can Coexist in Harmony.

REFERENCES

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