

Corporate Social Responsibility: An Empirical study of HUL Company

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Abstract

Corporate social responsibility refers to the rules and commitments of decision-making authorities to take appropriate actions to protect and advance the well-being of society as a whole while also protecting the interests of the corporate concern. With the changing environment, the concept of CSR is becoming more and more acceptable. As a result, social responsibility essentially refers to corporate companies' obligations and responsibilities to population as a whole. Corporate Social Responsibility (CSR) is a way for a company to maintain a healthy balance between its social, environmental, and economic operations. Thus, an organization's spending on CSR operations is a straightforward procedure of giving something back to its stakeholders and attempting to assist them improve their lives while also generating money for its shareholders. Corporate social responsibility (CSR) refers to a businessman's decisions and activities that are at least somewhat motivated by factors other than the firm's direct economic or technological interests. The concept of corporate social responsibility (CSR) is viewed from two perspectives: socio-economic obligation and socio-human obligation. CSR is more than just a charity; it's a tool for contributing direct or indirect to a company's bottom line while also ensuring its long-term viability. This Hindustan Unilever Ltd (HUL) CSR case study is based on an examination of factors such as the company's business, mission, philosophy, industry, product, financial data, CSR initiatives, CSR Method and Rating Criteria, and the company's rating and justification.

CSR refers to a company's sense of responsibility to develop specific social standards and manage its business activities through strategic decisions. Companies that are socially responsible should think about a variety of things, from how they are organised to how they interact with their communities. Customers, employees, intermediaries such as banks and financial institutions, shareholders, society, and the government are all beneficiaries of CSR.

Businesses are becoming more persuaded to serve society as the corporate landscape changes rapidly. They recognise the importance of society with in success of their company; without it, their company would have failed miserably. As a result, we increasingly see large commercial conglomerates taking on societal responsibilities for the common good. A large portion of their revenue is redirected to meet societal needs.

Corporate Social Responsibility (CSR) is a concept that encourages businesses to consider the impact of their operations on society, its own stakeholders, and the environment. CSR is a type of company action that contributes to long-term development by benefiting stakeholders on economic, social, and environmental levels. CSR may not always be profitable in the near term, but it does create positive environmental and social change in the long run.

"CSR is the process by which an organisation considers and evolves its connection with stakeholders for the greater good, and demonstrates its commitment to this goal by implementing suitable corporate procedures and strategies," the C committee stated under section 135 Act, 2013. As a result, CSR is not the same as charity or donations. CSR is a business practise in which companies make a visible contribution to the greater good. Companies that really are socially conscious do not devote all of their resources to projects that increase profits. They use CSR to combine the company's growth plans with economic, social, and environmental goals." In India, the concept of corporate social responsibility (CSR) is really not new. What is new, however, seems to be the shift in emphasis from profit-making to addressing societal concerns by supporting social welfare initiatives. CSR measures can lead to status benefits like as greater investor loyalty, new market opportunities, and favourable capital market reactions.

Corporate social responsibility (CSR) refers to how businesses manage their operations in order to have a good impact on society. It addresses manageability, social impact, and the ethics that must be observed when working in society. Stakeholders covered by CSR include:

1. Employers
2. Business Partners
3. Shareholders
4. Customers
5. Suppliers

Traditionally, corporate social responsibility is divided into four categories:

1. Environmental Stewardship
2. Moral Responsibilities
3. Responsibilities in the field of philanthropy
4. Financial accountability.

A doctrine claiming that an entity, whether government, private corporation, or public group, has an obligation to society is known as social responsibility. Csr practices that minimises costs and risks, boosts brand image and reputation, employee effectiveness and efficiency, and improves transparency and clarity in the business house's working environment.

The declining role of the government, demands for greater transparency, increased customer interest, expanding investor pressure, competitive labour markets, and supplier relations have all been major drivers of CSR. Improved financial performance, lower operational expenses, improved brand and reputation, increased customers' loyalty, safety regulations, material recyclability, and increased use of renewable resources are just a few of the advantages that the organisations experience.

India's per capita income is rising in tandem with the country's population. As a result, FMCG companies have a bright future. We looked at the following factors to assess HUL's previous success and potential demand for FMCG items.

HUL's several FMCG product lines are listed below.

1. Skincare and cosmetics
2. Personal care products
3. Ice creams and frozen deserts
4. Water purifiers
5. Beverages

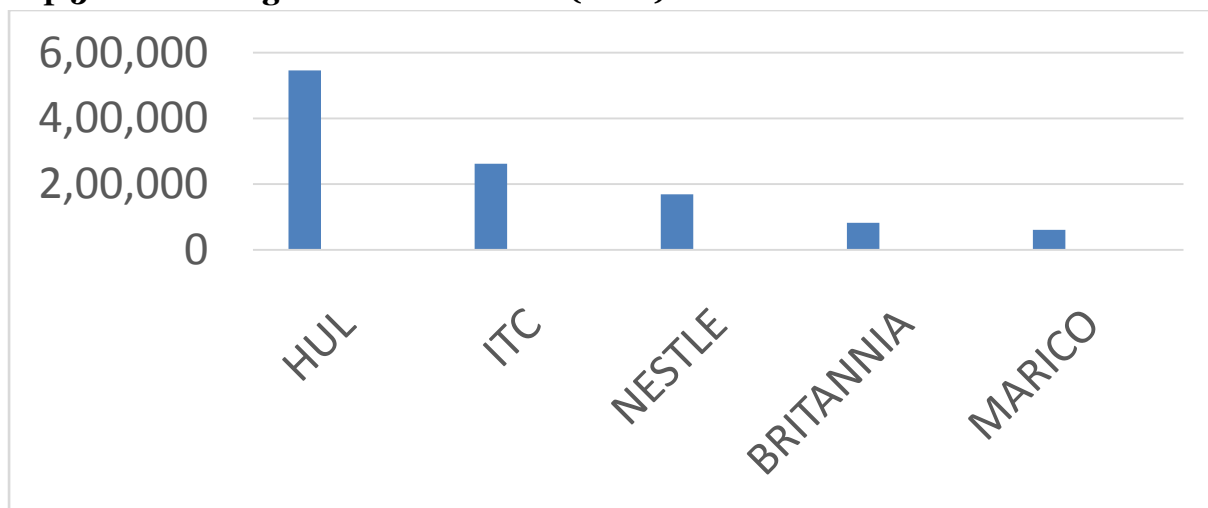
We conducted a competition analysis in which we examined the share of the market of top FMCG firms as well as the share of the market of HUL's various product categories in relation to its competitors.

Research Methodology

The secondary data for this project study is gathered from many websites, journals, and other sources.

1. Secondary data and research data are pre-published and gathered from various websites, journals, newspapers, and firm research papers.
2. The theoretical, conceptual, and organisational background study can benefit greatly from these documents and data.
3. A detailed study of data is performed by generating various graphs and tables that are easily understood.
4. Finally, we came to our opinions and recommendations after looking at these graphs.

Top 5 Fast Moving Consumers Goods (2021)



HUL's Background/History

HUL is a consumer goods firm headquartered in Mumbai, Maharashtra, India. Unilever, an Anglo-Dutch conglomerate, owns a 67 percent controlling stake in HUL. Foods, beverages, cleaning agents, and personal care product are among HUL's offerings.

HUL began as Lever Brothers India Limited in 1933 and changed its name to Hindustan Lever Limited in 1956 after merging with Lever Brothers Hindustan Vanaspati Manufacturing. Co. Ltd., and United Traders Ltd.

It is based in Mumbai, India, and employs around 16,500 individuals while also indirectly assisting in the hiring of over 65,000 others. In June 2007, the corporation was renamed "Hindustan Unilever Limited."

HUL has a direct distribution network of over 3.5 million retail outlets in India, and its products are sold in over 6.4 million outlets. HUL products used by two out of three Indians, according to Nielsen market research. HUL is India's largest Fast - Moving consumer goods Goods (FMCG) company, with a long history in the country spanning over 80 years. HUL is a part of the daily lives of millions of Indian consumers, with over 35 brands spanning 20 different categories such as detergents, soaps, shampoos, skin care, mouthwashes, personal care products, cosmetic, tea, coffee, packaged meals, ice cream, and water filters. HUL is a division of Unilever, one of the nation's biggest fast-moving consumer goods companies with strong local roots in more than 100 countries.

HUL is now one of India's top exporters of branded FMCGs. The Indian government has designated it as a Golden Super-Star TradingHouse. HUL Exports provides a high level of service throughout the supply chain, with flexibility and reactivity. It seems to have a dedicated management structure to facilitate this initiative, which has aided in the growth of these enterprises specifically. Intrinsic cost leadership strategy in the end-to-end supply chain, adoption of appropriate advanced technologies and competitive capital spending operations, allows HUL to locate itself as a major importing hub for Unilever, as well as a preferred partner for worldwide clients in the categories in which we operate.

At the meantime, HUL's export geography includes nations in Europe, Asia, the Mideast, Africa, Australia, & North America, among others.

HUL's products reach two out of every three Indians on a daily basis.

80 percent of households must be reached.

1 million outlets are directly covered.

81 manufacturing locations

3000 suppliers and associates 18000 employee, 1400 managers

In India, 84 percent of stores have shelf availability.

Vision

The cornerstones of HUL's vision define the company's long-term direction—where it intends to go and how it will get there:

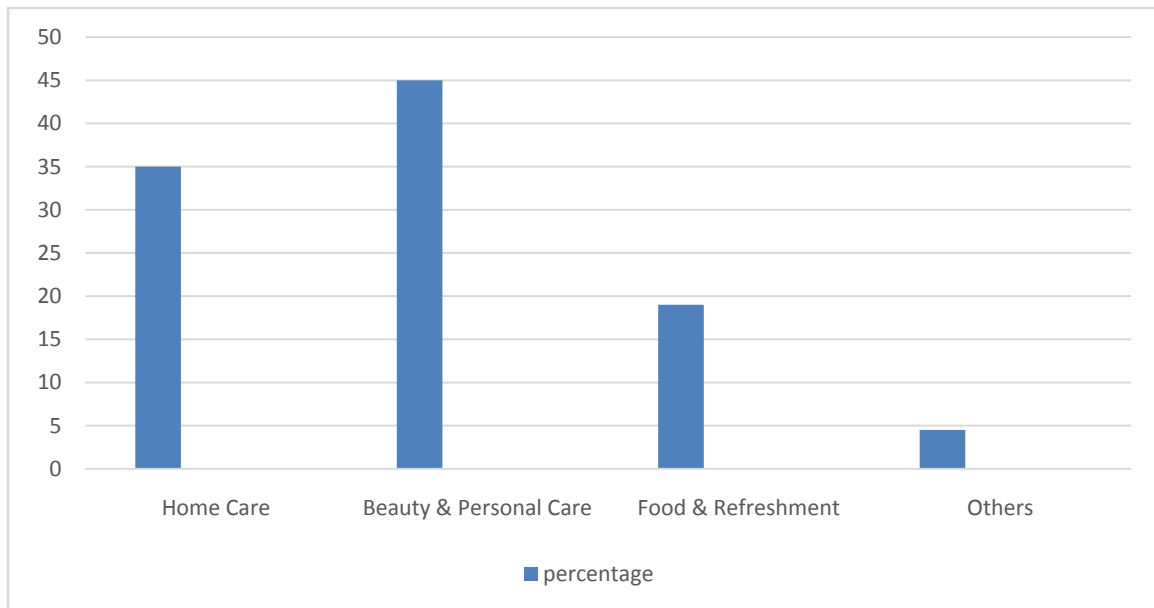
Strive to improve the world place every day. With businesses and industries that are good for individuals and good for others, you can make a person feel good, look good, will get more out of life. Motivate people to take tiny, ordinary actions that can make a great difference in the world. Develop innovative business models with the goal of doubling the company's size while decreasing its environmental effect. Believing in the ability of brands to enhance people's lives, as well as doing the right thing.

Mission

HUL's purpose is to make life more vibrant. HUL satisfies daily nutritional, hygienic, and personal-care requirements with companies that make people feel good about themselves, look good about themselves, and see more of life.

Segments & Revenues

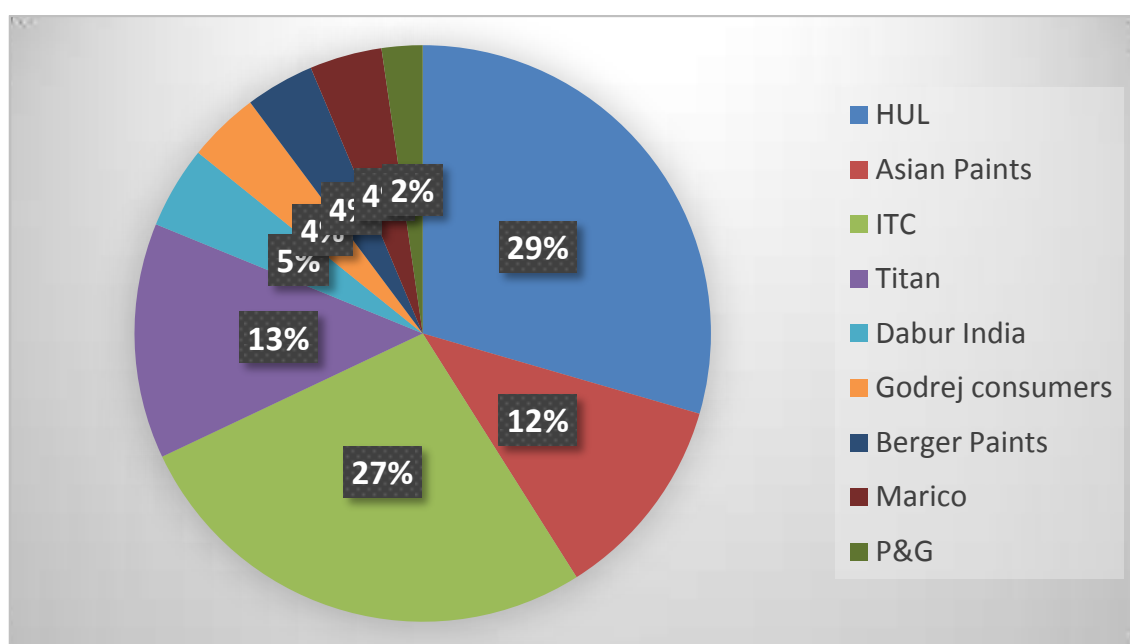
HUL operations are divided into four categories.



The Goals and Principles

Conducting operations in a way that is honest and respectful of the numerous individuals, organisations, and environments involved. Corporate responsibility will always be centred on the business. Aims to have a beneficial influence in a variety of ways, including via brands, commercial ventures and partnerships, voluntary efforts, and other forms of engagement with society. Committed to improving the way we manage environmental consequences and working toward the long-term goal of building a sustainable business. The corporate mission outlines goals for conducting business. It's based on a set of business principles that outlines the performance standards which everyone at Unilever adheres to, no matter where they are in the world. The code also promotes a corporate governance and social responsibility approach.

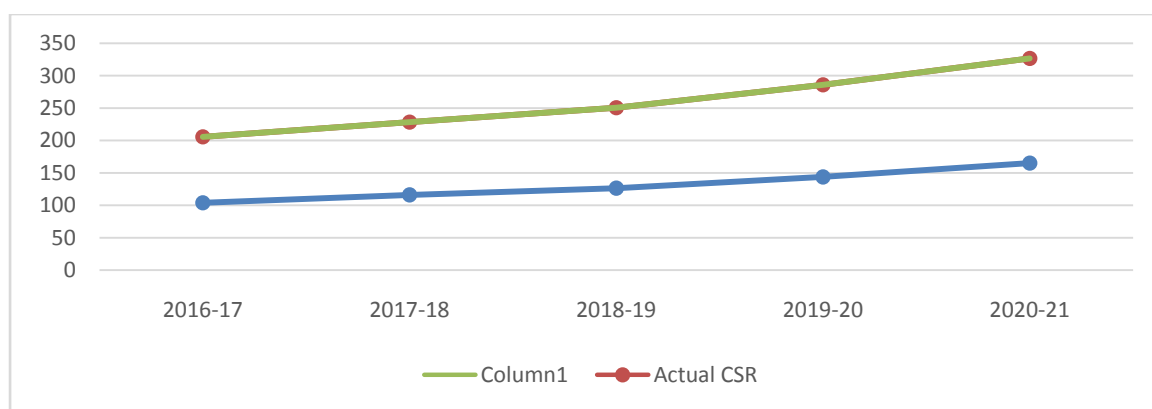
Comparative Data of (%) market share of HUL and its Competitors



As shown in the graph above, HUL is the market leader with the greatest market shares, followed by market rivals such as Dabur India Ltd, P&G, and ITC LTD, among others. Shampoo, skincare, deodorant, jams, coffee, and other FMCG products fall into many categories.

Actual CSR expenditure by HUL (2016-21)

Year	2016-17	2017-18	2018-19	2019-2020	2020-21
Actual CSR	103.88Cr	116.09Cr	126.45Cr	143.74Cr	165.08Cr
Prescribed CSR	101.71Cr	112.20Cr	124.19Cr	142.20Cr	161.70Cr



As shown in above table and diagrammatically the prescribed level of expenditure of CSR is less than Actual level of CSR. This shows the concern of the company towards the CSR activities. HUL is dedicated to conducting business in an ethical manner. Their goal is to expand their business while lowering their environmental effect and boosting their positive social impact. In the last five years, the corporation has spent or more 500 crores on CSR efforts, always exceeding the amount permitted by such CSR law. Hindustan Unilever Limited utilizes its corporate social responsibility funding to address issues that impede India's development. It has made significant improvements in the development of conserving water as well as health and hygiene at the grass roots level.

HUL Industry Sector CSR Activities: FMCG & Consumer Durables

Food products, home healthcare brands, individual brands, and water purifier brands are among the products/services available.

CSR Initiatives: CSR Trust/Foundation—Hindustan Unilever Vitality Foundation is a non-profit organisation dedicated to promoting health and

Areas of CSR: (1) Social Welfare; (2) Disaster Aid; (3) Education; (4) Personnel Welfare; (5) Ecology; (6) Medical; (7) Wealth inequality Elimination; (8) Regional Development; and (9) Technical Training are among the topics covered.

The Following are some of HUL's major CSR initiatives:

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Sr. No.	CSR projects	Project Coverage Areas	Budget (Cr.)	Aim
1.	Covid-19 Preventives measures	West Bengal, Tamil Nadu, Karnataka, & others	0.17	To eradicate Poverty, Hunger and malnutrition
2.	Technology development Business Incubator Program	Presence Across Nation (PAN)India	0.16	Contribution towards the Technology development Business Incubator across India
3.	Development & Maintenance of Public Areas	Maharashtra	0.90	Contribution towards the development & maintenance of public areas
4.	Project Ankur	Assam	0.38	For providing special education for children having disabilities
5.	Project Prabhat	Presence Across Nation (PAN)India	7.04	for the development of local communities around specific sites including our production locations
6.	Project Sanjeevani	Assam	0.65	For Healthcare, Water and Sanitation
7.	Disaster Relief Program	Orissa	2.30	Contribution to Central Government Fund
8.	Project Shakti	Presence Across Nation (PAN)India	52.00	To economically empower women living in rural areas India and give them with possibilities for a better life.
9.	Water Conservation Project	Presence Across Nation (PAN)India	25.20	To tackle India's water problems, particularly in rural areas where agriculture is practised.
10.	Swachh Aadat Swachh Bharat	Presence Across Nation (PAN)India	40.32	To encourage good health and hygienic practises in the programme

(Source: Compilation of Information from Various Sources)

Findings

1. HUL has mostly focused their CSR efforts on women's empowerment, self-swachh Bharat, and water conservation.
2. HUL Company is participating up to the fullest in CSR initiatives.
3. HUL's products reach two out of every three Indians on a daily basis.
4. As HUL is a leading FMCG company in India, the company fulfils all its social obligations more than the prescribed limits.

Conclusion

HUL, India's largest consumer goods firm, is achieving its aim of satisfying and remaining in the thoughts of every Indian by launching several programmes for community development and as part of its CSR policy. It was a pioneer in developing a variety of rural initiatives to expand rural reach, such as Project Shakti, which led to rural India's economic development. As a result, for any company to achieve long-term market success, CSR has become a survival strategy.

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