

Returns from Investing in CSR in Global Supply Chains

In today's era of globalisation and extended supply chains, it has become increasingly important to invest in capability building of the supply chain partners to first ensure that they understand the expected standards and further facilitate them to implement them effectively. Here is a story from India regarding HP and two of their suppliers who experienced positive impacts after their investment in CSR efforts.

Association for Stimulating Know How (ASK), a national level non profit organisation established in 1992 works with a mandate to be a capability building institution engaged with Grassroots Communities, NGOs, Government and Corporate sector to enhance thinking, reflection, learning and action to achieve equitable development and social justice. Corporate Social Accountability division at ASK works with a solutions oriented partnership approach with corporate sector to mainstream CSR into core business in a sustainable manner.

Under the aegis of a project " Building Social Compliance Institutions" for bringing systemic improvement for employees in ICT Sector, supported by US State Department, ASK worked in partnership with **Hewlett-Packard (HP)** over a period of the past two years to promote social and environmental responsibility (SER) practices within the HP supply chain in India. The approach adopted for this engagement was open dialogue with suppliers, listening to them and understanding the unique advantages and challenges in the Indian context.

Amongst a few suppliers ASK engaged with, two suppliers based in Bangalore responded positively, were open and have been able to achieve some positive impacts to improve their workplace. **E-Parisaraa** certified for ISO 14001:2004 provides an end-to-end solution for e-waste disposal. The facility is authorized to handle 1800 T of e-waste per year and occupies about 100 employees at present, mainly from the adjacent rural areas (For details visit www.ewasteindia.in).

Eka Engineering Technics is a manufacturer of special mechanical parts made by CNC machining and turning, hot and cold forging and other special processes. They make parts for the oil and gas and infrastructure industry, EMS companies, IT Electronics Companies and the Indian space effort. Eka Engineering Technics Pvt. Ltd. is an ISO 9000:2001 certified (For details visit www.ekatechnics.com).

The engagement with these two suppliers started towards the end of 2007 with an initial assessment of the facility to understand the various systems and practices of the company vis-à-vis the Electronic Industry Code of Conduct supplier standards and the challenges faced by the company for the implementation. ASK engaged with the management regarding their specific areas for improvement which were well received by the management. One of the challenges mentioned by the Management was lack of knowledge regarding the various expected standards and low level of awareness & sense of responsibility amongst the employees to participate and shoulder this responsibility.

After a few months of engagement, these suppliers invited ASK back to conduct an "Orientation on EICC standards" for their entire team of management and employees. The roles and responsibilities of management and employees were clearly identified and discussed as one of the key outcomes of this training. The second phase of training with

employees was specifically on Environment, Health and Safety standards and worker participation for improving the implementation. In both these facilities, ASK trained 98 employees and 21 members of the management team.

One year after the capability building process was initiated, the management at E-Parisaraa feels that a lot of improvements are visible. The following are the areas of improvement that have been observed by the management at E parisaraa.

One of the major impacts has been on work culture. Employees have become more motivated to take responsibility for the working conditions in the facility, especially because they moved from low awareness about the Industry and the expected social and environmental standards, to understanding the importance of E waste recycling Industry and their role in the supply chain. The women employees have become more responsive and have started to open up with the Management as result of a change in management's approach of informally engaging with the employees. The use of Personal Protective Equipments (PPEs) has increased; all the employees are now using the respective PPEs. Improvement in efficiency of work is another significant impact visible. Employees are beginning to show improvements in terms of keeping their work area clean and being punctual and attending work regularly. There is improvement seen in industrial hygiene. There is a relaxed work atmosphere, improvement in team work, and employees are taking on leadership roles. Employees in general have become more positive towards the company. If employees are given some additional responsibility related to EHS or something else, they volunteer readily for the assignment.

Reflecting upon analysing the impacts of the initiatives that have been undertaken since the engagement started with ASK, the Management at Eka Engineering Technics quotes that the following benefits are definitely visible as a result of the capability building process:

1. Huge intangible gains in the eyes of customers by voluntarily having commenced this initiative.
2. Improved understanding of international best practices and the sometimes salient reasons for their need.
3. Improved communication amongst employees, through management- worker meetings.
4. In general a better and more robust legal compliance with all areas of Indian Law as they apply.

The two cases above are clear examples of how a company can benefit by improving CSR practices if the Management is open and progressive enough to consider good CSR practices as an integral part of business.