Sports Goods Foundation of India (SGFI): A collective response to CSR issues

Part B: UNIDO and Cluster Development

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The authors of this case are Professors Amit Gupta and Vasanthi Srinivasan of the Indian Institute of Management (IIM) Bangalore, Bannerghatta Road, Bangalore-560076, India. This case is intended as a discussion of various management issues. It is not intended as an illustration of effective or ineffective management. It was written with the objective of highlighting the complexity of managing Corporate Social Responsibility (CSR). No value judgement is intended.

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From around the mid-1990s onwards, there were a number of allegations of child labour in the sports goods manufacturing industry. The issue of child labour came to a crisis around 1997, when the BBC reported use of child labour in manufacturing units producing the footballs that were to be used for World Cup matches in 1998. This led to a string of order cancellations in Sialkot, Pakistan, and Jalandhar, India, two of the main centres producing hand-stitched footballs. An agreement called the "Atlanta Agreement" was signed to put in place a monitoring mechanism to address the issue of child labour in football manufacturing units. The inflatable ball manufacturers and exporters of Jalandhar set up a not-for-profit organisation called the Sports Goods Foundation of India (SGFI) to implement the Atlanta Agreement. Initial funding for setting up the monitoring mechanism came from FIFA, which agreed to provide funds for four years on condition that an external agency does the monitoring. SGS was invited to conduct the monitoring exercises. During this time, the main focus of SGFI was ensuring monitoring of child labour. The organisation also worked on a number of campaigns for raising awareness with regard to child labour issues and set up tuition centres to ensure that children had a constructive alternative way to spend their after-school hours. FIFA, however, withdrew its support towards the end of 2003.

Ramesh: "So FIFA departed. What happened next? "

Ravi: "SGFI members realised that they had benefited in many different ways from the activities of FIFA and SGS. SGFI membership had become a guarantee that the particular manufacturer's production process did not use child labour. The manufacturers would proudly display the SGFI logo on their stalls when they participated in international exhibitions. Therefore, the members decided that SGFI was important enough to be supported. From 2003 onwards, they decided to contribute Rs.0.25 for every Rs. 100 earned from the export of hand-stitched inflatable balls towards SGFI, so that SGFI could continue its monitoring and tuition centre activities. SGFI proceeded to hire the SGS staff, who were already trained and could continue the monitoring activity."

At this point, the UNIDO, which had been experimenting with the cluster development approach and wanted to implement some plans for social development in clusters in India, decided that SGFI would be an appropriate partner. In 2004 UNIDO-CDP partnered with SGFI for a three year project on Corporate Social Responsibility, called Social and Environmental Responsibility of Businesses (SERB). The sports goods industry in Jalandhar was the location of a pilot project, with UNIDO working with SGFI and the Sports Goods Manufacturers and Exporters Association (SGMEA) to address both social and business issues.

With this project, SGFI would scale up its child labour project, tying it in with other community-oriented projects, strengthen educational initiatives, focus on health and safety at the workplace, and address environmental issues. As part of this, SGFI would also provide its members advice on social compliance to handle code of conduct audits conducted by their respective customers. Under the cluster development project of UNIDO, the social agenda of SGFI was expanded to include a number of activities. UNIDO invested Rs.18 Lakhs[i] for implementing the project.

Some of the CSR activities taken up by SGFI under this project are as follows:

National Child Labour Project Schools (NCLP)[ii]
This is an Indian Central Government initiative designed to bring children into the formal education system. This project is funded by the Ministry of Labour, Government of India. Funds for this project are routed through the Deputy Commissioner of Jalandhar, who is also the Chairman for this project. Each school has a capacity of 50 children. There are four educational instructors, one vocational instructor and one helper in each school.

When children are found to be working full-time, they are put into special schools based on non-formal educational principles. Schools that operate under this project are government schools and afternoon schools working on a part-time basis. The objective of this initiative is to take children up to a level from where they can transition into mainstream schools.

The Government of India established and started running 27 transitional schools in Jalandhar in September 2000 under the National Child Labour Project. SGFI initially adopted four schools. After seeing the excellent results of these four schools, the government entrusted the management of four more schools to SGFI. Now SGFI is running eight schools under this scheme, covering a total of 400 children. The children in these schools were previously either not going to school or dropouts between the ages of 8 and 14. Some of the facilities provided at the NCLP Schools are mid-day meals, free books, Rs.100/- as monthly stipend to the family of each student, free uniforms, free medical and dental check-up camps, competitions (in painting, sports, cultural activities, etc.), vocational training (in stitching of garments, for instance), pot making, etc.

Regular health check-ups at the schools & tuition centres
SGFI always gave health significant importance, so health check-ups for all children studying in schools as well as in free tuition centres are organised on a regular basis. A dental check-up, eye check-up, and general health check-up are conducted by qualified doctors. Impressed with the activities and services rendered by SGFI, some doctors have volunteered their services to the SGFI project on long-term basis.

Reach
Wives of the members of SGFI wanted to get involved in the CSR effort. An idea that they came up with was to collect unutilised material and distribute it to the poor families of the region. SGFI held a grand event where all the social elite of Jalandhar were invited, and the project was proposed to the audience, which was enthusiastic about it. Items like clothes, books, household items, etc., were collected through regular collection drives at the collection centres. Volunteers were organised into groups and the collected material was distributed among the poor and needy people. While some of the initial enthusiasts dropped out, the remaining people continued the effort and it has become a regular event.

Reach has now been registered as a separate NGO.

Micro insurance in partnership with LIC (Life Insurance Corporation)
UNIDO was, at one time, putting pressure on SGFI and its members to provide micro insurance to the stitchers. The Honorable Mr. P. Chidambaram, then Finance Minister, launched a micro insurance scheme.

SGFI partnered with LIC to launch a micro insurance scheme from LIC called Jeevan Madhur. This policy could only be sold by NGOs. As of December 2009, around 800 policies had been sold. SGFI has set itself a target to cover all the 15,000 workers who are part of either centres or units and monitored by SGFI.

This is a simple savings related life insurance plan, under which premiums may be paid regularly at weekly, fortnightly, monthly, quarterly, half-yearly, or yearly intervals over the term of the policy. Further, the premiums chosen are subject to the minimum and maximum sum assured of Rs. 5,000/- and Rs. 30,000/- respectively payable on death and maturity under this plan.

The minimum instalment premiums for different modes of premium payment are[iii]:

Weekly:	**Rs. 25/-**
Fortnightly:	**Rs. 50/-**
Monthly:	**Rs. 100/-**
Quarterly/Half-yearly/Yearly:	**Rs. 250/-**

There have already been two cases of workers paying only one or two premiums before their deaths. LIC has settled the consequent claims in full.

To make this scheme self-sustaining, there is an incentive scheme for people involved. SGFI gets a commission of 10% on all money collected. This money collected is distributed among various SGFI staff and local people who are involved in implementing the scheme.

Self Help Groups (SHG)

SGFI found that member families were under constant debt. Lower income families need Rs. 500 - 1000 to help them with their immediate financial needs with regard to medical issues or cash flow problems. If they go to money lenders, their families might get charged 10-12% interest per month. SHGs are, instead, able to get loans from the bank at about 1% interest per month and lend to their members at 2% per month.

SGFI has formed over 52 SHGs with 15-20 women in each group, covering 1000 families. SGFI has also formed SHGs for young girls pooling money for higher education or marriage. Each member contributes Rs. 100/- per month towards the SHG. This money is accumulated for a period of six months. After six months, the SHG members are eligible to take loans from the SHG. Many SHGs have availed of bank loans and successfully repaid the loans. SGFI is currently in the process of linking these 600 families with health insurance and pension benefits.

These SHGs might also be helpful in other ways. If manufacturers in Jalandhar move towards machine stitching, the number of stitchers required would come down dramatically. SHGs would help the women to build capital so that they can take up alternate employment opportunities or re-skill themselves for other sources of earnings.

Adult education centres

Many women who stitch footballs were interested in SGFI's efforts to promote education in the Jalandhar area. They requested SGFI to start some basic classes so that they could at least sign their names and be able to learn to read and write over a period of time. SGFI responded positively to this request and opened the first Adult Education Centre at Mithu Basti, at which

12 women were enrolled. One mother of two passed the 5th standard exam from this centre. As of December 2009, she was preparing to appear for her 8th standard exam. Education of women is very significant since it impacts the family positively and educated women end up ensuring that their children also go to school.

Free computer education
SGFI runs a free computer training centre in collaboration with Punjab Rural Information Technology Management Agency (PRITMA) at village Tajpur, Jalandhar. This is a mobile centre intended to give free computer literacy training to all children of this village and then move on to the next village. This centre covers approximately 300 children. Two instructors were hired to provide training. The Village Panchayat provided a room in the community centre building. During the first phase, children were given basic training on computers. In the second phase, they will be given specialised training in collaboration with professional institutes like NIIT or APTECH.

Free mobile sewing school.
The Miss India title holder for the year, Ms. Simran Kaur Mundi, visited SGFI in May 2008 to observe SGFI activities and interact with SHGs. She donated six sewing machines with which SGFI started a mobile sewing school at village Tajpur. Currently, free training is being provided to young girls of this village.

Common Facility Centre (CFC)
Under this project SGFI is collaborating with its members on ways of improving their production process. SGFI members are experimenting with the use of machine stitching for football manufacturing, multiple die cutting of material, single roll lamination machines, and multiple screen printing of panels. Training is being provided to workers from SGFI members factories. Some members have also started procuring machines for installation in their factories.

Swasth Man Swasth Tan (SMST) – Healthy Mind Healthy Body
SGFI's health project is called SMST. Under this project, SGFI conducts one medical camp each week at 2-3 of its tuition centres / NCLP schools. It also conducts a major camp every two months outside the factory for the benefit of workers of the factory. Awareness camps on health related issues are held within the factory premises. The monitoring teams distribute 70 first aid kits daily to the units that they visit. These kits are replaced every three months. SGFI also recently held a medical camp at which over 150 cataract surgeries were performed.

Partnership with Lions Club Jalandhar East
SGFI has partnered with Lions Club Jalandhar East of Jalandhar to support its activities in many different ways. Lions Club provided a team of doctors for the health camps conducted by SGFI. Five of the tuition centres run by SGFI have been adopted by Lions Club. Under the aegis of Lions Club, 152 eye surgeries have been performed during the 2008-09 period.

Vidhi: "Wow, you have really expanded your activities in very diverse areas. How do you plan to take this forward?"

Ravi: "Well, the bad news is that UNIDO withdrew its cluster development programme in 2008. Nonetheless, with the vision and commitment of SGFI members, the monthly contribution was increased to sustain all projects."

Endnotes

[i] 10 lakh = 1 million; 1 USD=Indian Rupees 46.1796 on 22 January, 2010, value obtained from http://www.xe.com/ accessed on 22 January, 2010)

[ii] Source: http://labour.nic.in/cwl/ChildLabour.htm accessed on 28 December, 2009

[iii] Source: http://www.licindia.in/jeevan_madhur_plan_010_features.htm