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

Part C: The Future of SGFI

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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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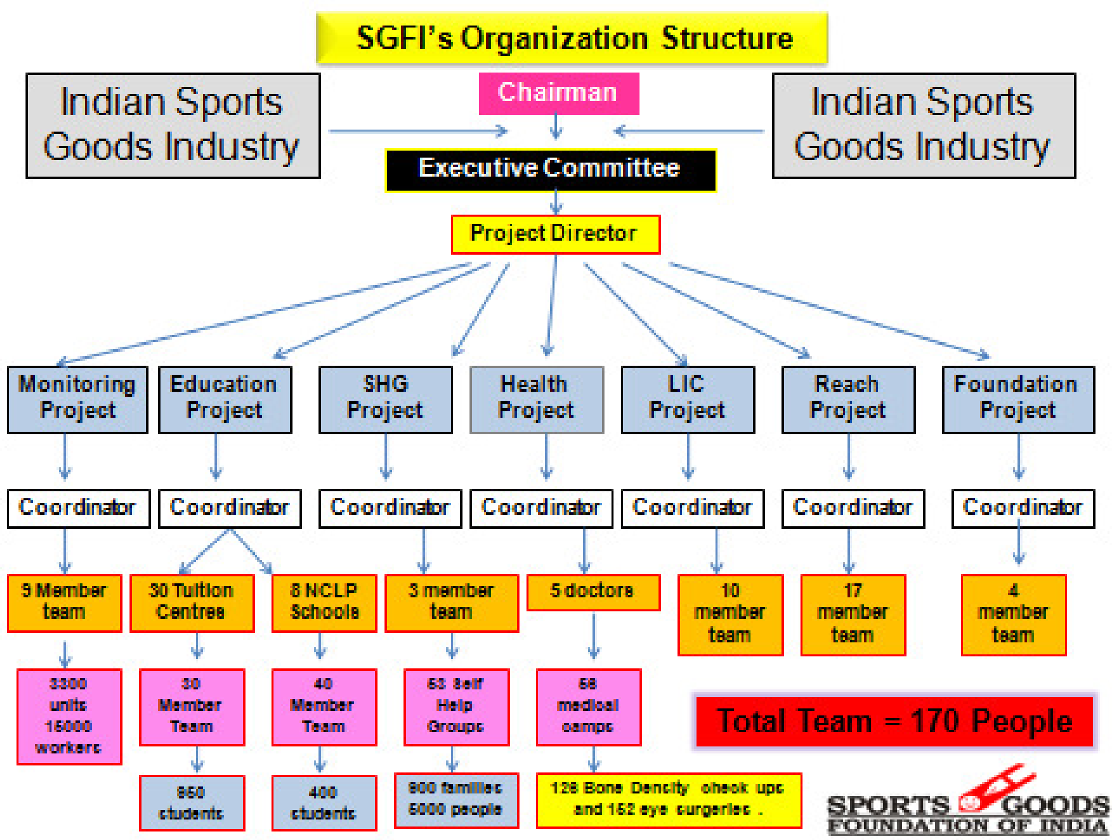
SGFI Objectives

The original objectives of SGFI were as follows:

- To prevent and progressively eliminate child labour in the manufacture or assembly of soccer balls in Jalandhar district and its environs.
- To identify and remove children under the age of 14 years involved in the manufacture or assembly of soccer balls and provide them with educational and other opportunities.
- To facilitate changes in community and family attitudes to child labour.

As of 2009, the vision of SGFI had changed in line with its expanded activities in the areas of community development, education, and health. The current vision is **to foster and energize social responsibility initiatives of the Indian Sporting Goods Industry**.

As of December 2009, SGFI had 170 employees. Out of these, 95 employees (one project director, two education coordinators, nine from the monitoring team, 30 from the tuition center team, 5 doctors and 48 from NCLP schools) were paid; the rest of the work was done by volunteers. As of December 2009, the organisational structure of SGFI was as follows:



Financial contributions by SGFI members

SGFI caters only to its registered members. To become a member of SGFI, organisations have to pay Rs. 35,000 as a one-time registration fee. They also have to pay Rs. 5,000 as an annual membership fee. Besides this, they have to contribute a certain amount of money every year based on their export turnover for that year.

Over the last decade, beginning in 1999, contributions by SGFI members varied depending on the amount of external funding support available. They also varied because the value of exports were going up, and SGFI was generating revenue in excess of its requirements (Appendix 1). The contributions by members over the years were as follows:

1998 – SGFI registered.
1999 – FIFA funding – SGS starts monitoring.
2003 – FIFA funding ends by end of 2003 – FIFA team hired by SGFI.
2004 – UNIDO entered into collaboration with SGFI to implement cluster development.
2003 to 2005 – Rs.0.25 per Rs. 100 export contribution to SGFI.
2005 – Rs.0.10 per Rs. 100 export contribution to SGFI.
2006 – Rs.0.02 per Rs. 100 export contribution to SGFI.
2008 – UNIDO ended collaboration with SGFI. Rs.0.10 per Rs. 100 export contribution to SGFI.
2010 – from 1 January, 2010, member contribution to SGFI increased to Rs.0.25 per Rs. 100 exports.

Ravi: “So this is where we are today.”

Ramesh: “Ravi, I am really impressed by all that you have managed to build over a 10-year period. But I do have some questions now, things I’m not sure about with regard to SGFI.

Ravi: “What! I thought we were perfect! I’m just joking; I’d be interested in knowing what you’re thinking about.”

Ramesh: “Well, yours is an organization that has been externally driven and reactive in its approach. All SGFI’s initiatives have been imposed by external organisations, whether FIFA or UNIDO. Both have withdrawn after implementing their respective initiatives and building capabilities in SGFI.

Vidhi: “I’d like to add to that. You started off working in areas that had a direct connection and business relationship with the main business of your members. The original mandate and main business driver of SGFI was prevention of child labour. Today, you have expanded into areas that are far beyond the immediate business needs of your members.”

Ramesh: “I think the question is, to what extent are your members committed to SGFI’s expanded social agenda? If I were a member, I would understand the monitoring and tuition centres, I would even be willing to go along with the health clinics. I am not sure why I would want to contribute to things like SHGs, adult education centres, and computer education. The common facility centre is not even in your mandate. I don’t fully understand why you are doing this.”

Ravi: “Well, the common facility centre should have typically been founded by the other sports association, but UNIDO faced a lot of difficulty working with them; it was, therefore, decided that SGFI would be the best partner for the purpose. Ten members of SGFI separately contributed Rs. 65,000 each for this purpose.

Vidhi: “There’s a point to that. But it would seem to me that the members let you do all these things as long as they were convinced that you were meeting your original mandate of ensuring that the production chain is free from use of child labour. What is the level of commitment that SGFI members have to your expanded agenda?”

Ramesh: “India is a very large country and diverse country. We have a very good mechanism to devise world class policies. However, the implementation of these policies is very weak. I am sure that there are sports goods manufacturers in Jalandhar who are not members of SGFI and who might be using child labour. Also, not all countries are socially conscious enough to ensure that goods have been made by child labour-free manufacturers. I am sure there must be manufacturers exporting to such countries that do not care about child labour issues.”

Ravi: “I agree with you. As I mentioned before, the scope of operations of SGFI is limited to its registered members. It does monitoring only for production of inflatable balls that are hand-stitched and exported. It does not monitor machine-stitched balls since these are primarily made in factories.”

Vidhi: “How do we know that SGFI is doing its job and not covering up for its members?”

Ravi: “That’s easy. Since 2004, SGFI has been ISO 9000 certified. SGS is the certifying body for ISO 9001:2000 for SGFI and audits the SGFI monitoring process once every four months.

Ramesh: “One of the additional problems that you might encounter is that the general reputation of the country might also affect your reputation.”

Ravi: “We cannot change the entire country. We can only set an example in our limited area of operation. I feel that we serve more as an example and model for others to follow.”

Vidhi: “What do you intend to do next?”

Ravi: “Our members face multiple audits from various parties. Any customer that wants to do business with them does an audit. This is a very expensive process for the members. We at SGFI are trying to get them to register for SA8000[i]. This is a social standard that has been established by Social Accountability International (SAI) for improving working conditions based on the principles of thirteen international human rights conventions. Once they are certified for this, the nature of SGFI activities will change. We will then be the auditors of their processes to ensure that they are compliant with the SA8000 standards.”

Ramesh: “But will this SA8000 certification make the core activity of SGFI redundant? The manufacturers will then only need to ensure that they are compliant with the standards and get audited at regular intervals of time.”

Ravi: “Let us see what happens. I don’t think SGFI will become redundant.”

Ramesh: “Do you feel that SGFI would be able to sustain this? What will be the future direction of SGFI? You seem to be a very critical person in the functioning of SGFI. What will happen after you leave?”

Ravi: "The daily work of SGFI is motivated on humanitarian grounds. The philosophy is *"if you cannot hold all the children in your arms, hold them in your heart"*. This thought has been expressed by the founder secretary and now chairman (4th year running) Mr. Satish Wasan to fellow exporters who are funding this project."

Appendix 1:Export of Inflatable Balls from India over the last 10 years were as follows: (Value in Rs. crores)

Years	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Export	102.23	102.77	105.02	124.70	129.59	151.54	168.85	162.55	169.64	170.28

(Source: Sports Goods Exports Promotion Council, personal communication via email) (1 Crore = 10 million; 1 USD=Indian Rupees 46.1796 on 22 January, 2010, value obtained from http://www.xe.com/ accessed on 22 January, 2010)

End Notes

[i] For more information on SA8000, see http://www.sa-intl.org/