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Research Paper

Project Shakti And Corporate Social Responsibility

Commerce

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ABSTRACT

Corporate Social Responsibility is engaging the attention of the governments and industries across the globe to protect the well being of the employees, communities and the environment. Manufacturers and industries are increasingly looking to leverage CSR that simultaneously creates tangible business benefits and is financially self sustaining. The path breaking marketing program "Project Shakti" of Hindustan Unilever Limited (HUL) to penetrate and tap rural markets in India is a classic example of innovative business strategy with societal concerns. While Project Shakti resulted in empowerment of women and the rural poor, it helped to position HUL as a socially responsible organization. The research methodology used is exploratory in nature based on secondary sources.

1. Introduction

Intense competition and saturated urban markets made FMCGs look at rural markets. 70% of India's population lives in rural areas and therefore they hold great potential notwithstanding the low income levels. Government measures like loans waiver, national rural employment guarantee scheme (NREGS) and higher minimum support price for agriculture produce resulted in higher disposable incomes in rural India. Nevertheless, rural markets are beset with problems such as poor infrastructure, scattered settlements, lack of education and virtually nonexistent communication medium. It is uneconomical for retailers to be present in all villages as many of them are so small that marketing would become unviable.

Hindustan Unilever Limited (HUL) thought differently and perceived that calibrated thrust into rural areas would yield positive results. With SHG movement starting to mature and spread across the country, HUL conceived 'Project Shakti' to tap rural market.

2. Rationale for the Study

HUL started Project Shakti in 2001 with the aim of increasing the company's rural distribution reach simultaneously providing rural women with income-generating opportunities. This research study examines this marketing initiative as a case where corporate societal objectives are helping achieve business goals.

3. Significance of the Study

The study would be useful to manufacturers, marketing students, researchers, and society in general in understanding how an initiative with social connotations can provide companies a distinct competitive edge and help increase growth and bottomline, and helps to uplift the rural population with increased job opportunities with resultant prosperity and consequent demand acceleration in villages. The study underscores that there are ways and means by which industries and manufacturers can leverage CSR for business objectives.

4. Objectives of study

The objectives are

i. to examine and understand the HUL Project Shakti,
ii. the challenges faced and strategies adopted to overcome them, and
iii. how the Scheme benefited the Company and the Society.

5. Research Methodology

Research methodology used is exploratory in nature based on secondary data from various published sources, research papers and websites.

6. Findings of the Study

6.1 Project Shakti

HLL's (then, now HUL) growth strategy was to ask SHGs to operate as 'rural direct-to-home' teams of saleswomen, who would accomplish several tasks by raising awareness and educating people about HUL products as well as selling them directly within their communities. The idea was for the women to not only act as salespeople but also as brand promoters, often physically demonstrating products, such as shampoo, by offering hair washes at religious festivals, the local village market, or performing hand washing experiments to compare washing with soap to simply washing with water.

Apart from selling, the women would work on changing people's mindsets. For example, convincing them that a simple wash with water did not guarantee hygiene, or that shampoo could be used as a grooming product for the hair instead of just using soap to clean it. These rural consumers did not have access to television or radio but the SHG Star Sellers, by demonstrating and promoting HUL products at the haat, made up for this lack of audio-visual brand advertising.

6.2 Challenges and Strategies Adopted

HUL was quick to realize the need for an effective rural thrust for marketing its products. Apart from helping the company increase business, it fitted into its philosophy of community welfare and development. This rural initiative was however not without challenges. These were faced squarely and overcome through careful planning and execution.

Penetrating rural markets was a challenge, not only because of inaccessibility but also because consumers needed to be educated in both personal and oral hygiene matters. HUL products are completely alien to the way of life in these rural communities. To overcome this challenge HUL leveraged the strength of SHGs which government was assiduously promoting at grass root level all over India. By 2000, India had a large number of SHGs. The existence of a ready SHG network was a great opportunity. These SHGs helped create and organize an effective marketing force in rural areas simultaneously helping create self-employment opportunities.

HUL's challenge was to test whether this major organized potential direct sales force available in the local communities could help achieve HUL's business strategy objectives of "meeting the everyday needs of people everywhere" while creating wealth in the community. HUL realized that giving a hand up to the local population, rather than a handout would meet its own business strategy and provide opportunities for new distribution channels for its products, simultaneously providing more stable and prosperous base to society. If micro-credit was available to local people, HUL felt that it would be possible to build and develop established SHG networks to become 'direct-to-home' HUL distributors in rural markets. This would help create new jobs and lead to improvement in living standards, general wealth and prosperity in India which in turn would lead to additional demand.

For HUL, more important than the scalability of this model was the challenge of maintaining a differential value for rural consumer when he or she purchased from the SHG sales representative.

Increasing number of individual transactions was a real challenge. There was stigma attached to door-to-door selling, so the women waited until the SHGs got together to sell the products. There was no transport for door-to-door selling; it had to be done on foot.

Another challenge faced by HUL was that the SHG women devoted only part of their time to selling HUL products with rest of the time in farming and household duties. Thus, they did not have the time to do the type of brand awareness building and hygiene education that a typical urban seller would do.

Major challenges faced by HUL in rural marketing was training SHGs as marketers, communication bottlenecks, cultural differences, inert buying habits among rural folks necessitating effective communication skills, etc. To overcome these challenges, HUL adopted a three pronged strategy co-mingling technology and training. Thus HUL initiated Shakti Entrepreneur, Shakti Vani and iShakti.

Shakti Entrepreneur is a 'direct-to home' distributor in rural markets who receive stocks at their doorstep from HUL rural distributor and sells direct to consumers and other retailers in the village. HUL chooses one person in the SHG. To get started the Shakti woman borrows from her SHG. With training and hand-holding by HUL for three months, she begins her door-to-door journey selling HUL products.

Shakti Vani is a "one-to-many communication" scheme of Project Shakti. HUL trained local women to give talks to villagers about hygiene, disease prevention, pre and post-natal care, etc. Visual aids are used to overcome widespread illiteracy through meetings at schools, village baithaks, and SHG meetings. This social communication program is operational in states like Madhya Pradesh, Karnataka, Chattisgarh and Andhra Pradesh.

iShakti is a IT-based rural information service to provide demand driven information and services across large variety of sectors such as agriculture, education, vocational training, health and hygiene. The iShakti kiosks are operated by the Shakti Entrepreneur.

6.3 Benefits of Project Shakti

Despite many obstacles, Project Shakti, which started in a small way in two states, today provides livelihood enhancing opportunities to multitudes of women in all Indian states and provides access to quality products across more than thousand villages and over 3 million households every month.

Shakti is not only a channel for increasing the reach, the Shakti entrepreneurs are also brand ambassadors for all HUL brands in rural India. Their relationship with consumers is forged by their home-to-home contacts, and goes a long way in building brand loyalty.

For HUL, it is "enlightened self-interest" creating opportunities to increase rural family incomes; it puts more money in their hands to purchase range of daily consumption products ranging from soaps to toothpastes that HUL makes. Shakti is generating additional income to women leading to their better living conditions, making basic needs, nutrition, education, etc. affordable. With the vision to cover 5 lac villages by 2012 through its social communication programs, viz., Shakti Vani, trained Shakti women, are making rural people informed about various products directly related with the health and hygiene aspects.

Project Shakti is a right blend of the 'sales objectives' with 'societal objectives' and hence a "social business initiative". It resulted in entrepreneurial development, economic empowerment, and social empowerment. Shakti Ammas have become the Opinion Leaders in villages.

Project Shakti is stirring the stagnant society by amplifying the feminine consciousness and empowering them and making them independent. It is enabling families to live with dignity in better health and hygiene, helping in educating children. There is an overall betterment in living standards of about 90 million rural households. It has created a win-win partnership between HUL and the rural people for their mutual benefit and growth.

7. Conclusion

The overall impact of the HUL initiative is unquestionably positive. HUL benefited with new markets and consumers and villagers, especially rural women, got economic freedom. It helped in sustainable development of villages. It is a business initiative with social benefits. Impact on woman along with the ripple effect on her family and surrounding community is immense. Project Shakti provides a powerful example of a business that profits while improving the livelihoods and quality of life for its customers.

While the living standard and status of the rural women in self help groups improved, for HUL it helped build brand loyalty. To sustain the growth impulses, HUL set up iShakti and Shakti Vani to provide rural India with access to information and social communication.

Project Shakti of HUL seeks to empower underprivileged rural women by providing income generating opportunities. It helped HUL increase market share in personal care and hygiene products as also in regular usage of HUL brands. The success of the Project is also due to basket of products available to SHGs to sell.

By assisting rural women to access micro-credit, buy HUL products and sell them in their villages, HUL is creating markets simultaneously creating stronger economic base within rural communities. It is thus a classic example of corporate social responsibility of a responsible corporate alive to its surroundings and its people.

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