

# LEADERSHIP IN DIVERSIFICATION-ITC WAY: CASE STUDY

**Dr. Belur Baxi, Dr. Shailja Tiwari**

Assistant Professor  
Faculty of Business Administration  
GLS University,  
Ahmedabad

Assistant Professor  
Gujarat Commerce College  
Ellisbridge  
Ahmedabad

## Abstract

*ITC is one of India's largest conglomerate private Organisation. Company is owner of several world recognised brands. Organisation is part of society. ITC believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Diversified business of the company is one of the unique feature. Even in the diversification company is in a position to take care of various stakeholders such as consumers, customers, employees, trade unions, communities, non-governmental organizations, donors, investors. In present research paper the implementation of social responsiveness initiatives as organizational programs has been evaluated. The paper deals with implementation of social responsiveness initiatives in India. It has been observed that an active development of corporate social responsiveness positively influences on businesses and society relationship and contribute to sustainable development of region or country.*

**Keywords:** Social responsiveness, ITC, Diversified business

## INTRODUCTION

ITC Limited (ITC) is one of India's foremost private sector companies having a diverse portfolio of businesses. The company has been undertaking several CSR initiatives over the years and been appreciated for them globally.

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Recognizing that business enterprises are economic organs of society and draw on societal resources, it is ITC's belief that a company's performance must be measured by its Triple Bottom Line contribution to building economic, social and environmental capital towards enhancing societal sustainability.

Even though company has most diversified business company is able to contribute in creating value for shareholders and stakeholders both. Alignment of various activities in the specific manner which reduces inequality and adverse impact on environment aspect is really challenging task. This requires unique leadership. Company is focusing on social responsiveness in every business activities.

## CREATION OF SOCIALLY RESPONSIVE VALUE CHAIN

ITC is a company who is delving in triple bottom line approach. It focuses on Profit, People and Planet all together. Company's attitude is reflected in the action of the company or behaviour. ITC is a global exemplar in 'Triple Bottom Line' performance and is the only enterprise in the world to be 'water positive' (for 16 years), 'carbon positive' (for 13 years), and 'solid waste recycling positive' (for 11 years). The focus on creating unique business models that generate substantial livelihoods across value chains has led to the Company's Businesses supporting six million sustainable livelihoods, many of whom belong to the weakest in society. Over 43% of the total energy requirement of ITC is met from renewable sources. ITC has pioneered the green building movement in India, establishing 23 Platinum certified green buildings.

ITC is focusing on People and Planet also equally with focus on profit. Every stakeholders of the company has been taken into account while designing commercial process. Despite the diversity of ITC's Businesses, the common thread that binds and inspires is its deep commitment to serve national priorities. The Company's

values are premised on the philosophy of Trusteeship that define every thought and action. It is ITC's belief that sustainable and enduring value can be created by making societal value creation an integral part of business strategy. Each sinew of the organisation has been developed and nurtured towards achieving the goal of inclusive growth and sustainable wealth creation.

## SOCIAL RESPONSIVENESS

Inspired by the overarching vision of making a contribution to the national goals of sustainable development and inclusive growth, ITC has innovatively crafted unique business models that synergies long-term shareholder value creation with enhancing societal capital. This commitment is reflected when ITC measures accomplishments not only in terms of financial performance but also by the transformation ITC has consciously engendered to augment the social capital of the nation. ITC consider himself as one citizen of the society. Hence, company is preparing publishing citizenship report of the company since long period of time.

Corporate social responsiveness is an ability of business to respond to social pressure. Social responsiveness is understood as action dimension of corporate social responsibility. The paper deals with implementation of social responsiveness initiatives by ITC. Active deployment of resources makes discharge of social responsibility very easy.

ITC's philosophy revolves around goal congruence with the national goals of sustainable development and inclusive growth. Various environmental and social initiatives are taken by ITC to ensure sustainable growth. Some of the key initiatives taken by ITC for improvement of livelihood of disadvantaged sections of society and the reach of initiatives in mentioned in table below

Initiatives	Milestones	Stakeholder in Focus
e - Choupal	4 million farmers empowered, 6,500 e - Choupals installed	Supplier of Rawmaterial (People)
Social and Farm Forestry	114,428 hectares greened, generating 51.48 million person - days of employment	Society at large and Environmental aspects (People and Planet)
Watershed Development	56,951 hectares brought under soil and moisture conservation	Environment (Planet)
Women's Empowerment	15,378 women members 1183 self - help groups	Inclusive growth (People)
Livestock Development	176 Cattle Development Centers 3,520 villages covered annually	Economic Up-liftment of farmers (People)
Primary Education	252,329 children covered through 2,334 Supplementary Learning Centers	Social Responsiveness towards Education (People)

Source: www.itc.com

## RESEARCH METHODOLOGY

### Research Objectives

To know social responsiveness of the company towards various stakeholders of company.

To evaluate various value chain created by company for various diversified business from social responsiveness view point.

### Research Design

Present research work is case study base. Our scope is confined to only one company- ITC Limited. It is based on descriptive research design.

### Type of data and sources of data

We have used secondary data for the research work. We have used secondary data available from company's official site. We have used all reports published by company and available at web portal of company.

## ANALYZING CURRENT VALUE CHAIN

### 1. Use of Wastage in most Effective Way

Tobacco processing and Cigarette manufacturing is the core business of ITC. It contributes singularly towards the revenue of one of the leading conglomerate companies of the country. In manufacturing cigarettes, one needs bamboo for manufacturing finest and thinnest paper for binding tobacco. In the process of making such superfine thin paper company has developed one of the most socially responsive value chains. Following is graphical presentation of such value chain creation.

In the process of making such fine paper one needs a central part of bamboo which is a soft one. After taking out such the softest part from the bamboo second layer is a little harder and the third outer layer is very hard. Generally in making cigarettes, such two outer layers are useless. Hence considered to be garbage.

## INNOVATION FROM GARBAGE

The company knows the value of such natural garbage. Hence the company has introduced its usage in different sustainable and socially responsive ways.

1. From Garbage one which is the inner side and little soft from the outer surface company has made the base for making agarbatti. Thus wastage becomes the raw material for other products and save the environment indirectly.

2. To make Agarbatti one needs skilled workers. The company has trained women of the family of farmers who have been considered. The company makes an arrangement of training to the women of farmers. Women after such training start manufacturing Agarbatti of different flavours. The company has considered suppliers of bamboo and extend their concern to family members of farmers. It uplifts the economic condition of the family of farmers as well as enhances the confidence of women in the manufacturing business.

3. The second layer becomes a complementary product to the Agarbatti. For firing Agarbatti one need "Match Box" ITC has created one of the states of art product-Match Box from such wastage. Matchbox is also considering to be a complementary product for cigarettes and cigars. (Which is the main business of the company.

Looking at the need of the consumers four different types of matchboxes have been developed. One for lighting lamp at the Diwali time having the brand name "Magaldeep". A matchbox with a longer match stick for lighting lamps. Another one is "Aim" regular length for domestic use. This one in with attractive cover page showing different amazing places of India. An attempt has been made to create an awareness amount of different places in India. Hence one has kept the name of the brand "i know".

Bamboo yellow is useful for making fine white paper.

Bamboo Green which is harder one is useful for making stick for Agarbatti

Bamboo timber is useful for making matchstick.

## EARLIER ENTIRE BAMBOO WAS CONSIDERED TO BE WASTAGE AFTER GETTING YELLOW BAMBOO

### **Inclusive growth of family members of farmers**

In the making of Agarbatti and Matchboxes company has extended its value chain to the family members of farmers. The company has provided training to wives of farmers and villagers to make them able to manufacture Agarbatti and Match Box.

Developing an ability amongst the family members of farmers is a very important step towards the enhancement of their economic upliftment. This initiative of the company shows responsiveness towards unemployment conditions in the rural areas. Over and above it also focusses on control the quality of the product. AGARBATTI AND MARCH BOX both are manufactured by family members of the farmers.

### **Raw material suppliers as one of the important stakeholders of the company**

Raw material suppliers are one of the important and key role players in society. ITC has created unique and one of its class value chain with the help of its suppliers-farmers. ITC has created a win-win situation for the company and farmers both.

**E-chaupal** is one of the unique initiative of the ITC. Through this initiatives company has achieved multiple social objectives and commercial objectives too. Through e-chaupal ITC has ensured quality raw material for their finished product and economic welfare of farmers. This practice is multifaceted socially responsive towards various class of the society.

This approach of backward integration is useful to farmers in two way. Providing assistance in quality product and obtaining fair price from market.

Output of the efforts:

- a. Empowering 4 million Farmers
- b. Market Linkages
- c. Enhancing Productivity, Crop Quality, Price Realisation
- d. Successful pilots on Doubling Farmer Incomes

## WASTAGE IS BACK BONE

Company has world class paper board and paper manufacturing facilities. Paper and paper board process is also creating some wastage paper making process. Over and above ITC has packing plant also. Such packaging plant is also generating wastage. All these wastage of paper making and packing material is used for first page and last page of note book. First page and last page need thickness to provide support to the note book. Paper board making process is also used for the developing eco-friendly thick paper. This initiative save many tree. Over and above for the greeting card products also similar approach has been adopted.

Company has also making socially responsive paper making process. Whiteness of paper is need of an hour. In making paper white one should use chlorine. Company has developed a process in which whiteness in the paper can be obtained without usage of chlorine. Chlorine is harmful to the environment.

Thus in this entire value chain creation company has used wastage, saved tree and protect environment also.

## FINDINGS

ITC has unique approach to the operational activities of diversified business. Research and Development department of the company is successful in creating core competency in the paper board and agribusiness.

Backward integration of business process in case of agribusiness and cigarette business has created socially responsive supply chain.

Socially responsiveness to various issues of society as well as demand of society has been addressed successfully by the company in every business in which they operate.

ITC has legacy of socially responsiveness in last two decades. This leads to enjoyment of Brand Equity to great extent.

Every stakeholders of the company has been addressed thorough social responsive value chain. Thus company is successful in creating positive social, economic and environmentally impact.

Agribusiness has created a sustainable and social responsive channel of supply. These channels connect farm to market and market to product. Holistic approach has been observed in development of such supply chain.

In case of agribusiness company has created win-win situation. It enables farmers with latest technology, obtaining right quality raw material, providing right price to the farmers and ensure constant availability. This is one of the unique value chain created and operated in which more than three stakeholders have been taken care.

Company has created world class brand with such sustainable and socially responsive value chain. This leads to contribution of such stakeholders in such world class brand also.

Social responsive company is fulfilling demand of the society. Hence organization's responsibility towards society can be discharged automatically. This leads to two way benefit to the company. One way its corporate image will be positive and another is automatic discharge of obligation of society at large.

Dynamic leadership is necessary to make value chain of each new business to be socially responsive. For each business such interconnection of various activities has been trace out and necessary inclusion of different stakeholder has been done.

## CONCLUSION

In 21<sup>st</sup> century organisation can develop core competency in wide areas. ITC has created new area of core competency. It's not about managing different business together. But it's about managing different business under such amicable leadership of Chairman Sri Y.C. Deveshwar with whom company becomes more sensitive towards demands of society. Company has developed unique value chain creation in many business which can satisfy need of various stakeholders of company at a time. Alternative usage of the wastage or alternative development of production process which his more environment safe serve the purpose.

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