



A Collective Force of Businesses and Nonprofits for the Greater Good

*A Think Tank for Corporate Social Responsibility*

A SATELL INSTITUTE CSR Research Report  
for Business Leaders

# Corporate Social Responsibility that Leads to Long-Term Results: The Freudenberg Model Case Study: Freudenberg, India

Location: Nagapattinam, Tamilnadu

by **Sabith Khan, PhD**



## The CSR Program

Freudenberg Group is a **family-owned German company** whose products include housewares and cleaning products, automobile parts, textiles, building materials, and telecommunications. The company is present in over 60 countries and offers its service and products across a range of industries and verticals. Freudenberg has 2,700 associates (employees or contractors) in India at 30 locations.

## The CSR program

Freudenberg Group is a family-owned German company whose products include housewares and cleaning products, automobile parts, textiles, building materials, and telecommunications. The company is present in over 60 countries and offers its service and products across a range of industries and verticals. Freudenberg has 2,700 associates (employees or contractors) in India at 30 locations.

## Background and summary

The Freudenberg Group is committed to protecting the environment and being responsible corporate citizens in all countries and communities it operates in. Freudenberg has built the Freudenberg Training Center in Nagapattinam in the south Indian province of Tamil Nadu, the region most affected by the Tsunami in December 2004. The Training Center today provides up to 150 young people with the prospect of a job and a better future. Currently, 10 teachers train 89 young people as mechanics for motor vehicles, welders, machinists and pipefitters.

Today, some of the young people who have graduated are working in established organizations, including Freudenberg Group companies. This long-term aid project, Freudenberg's largest outside Germany, was launched as a gesture of help and solidarity for the tsunami victims, alongside immediate post-disaster financial assistance.

## Freudenberg's CSR philosophy

Freudenberg's corporate social responsibility (CSR) philosophy

The Training Center today provides up to

**150** young people

with the prospect of a job and a better future.

**Currently, 10 teachers train 89 young people**

as mechanics for motor vehicles, welders, machinists and pipefitters.

is anchored in its own values and ideas, and it translates these in several different ways: Two of the ways it does are through continuous promotion of green IT practices and through its support of nonprofit organizations. Freudenberg Group advocates and fosters the development of a more open society, and offers help where it is most needed, especially in taking on projects that have a direct human impact.

## Green information technology (IT)

IT systems are responsible for generating roughly two percent of all global carbon dioxide emissions. That is almost as much as the entire aerospace industry! As the company official policy statement puts it: "For us, energy efficiency isn't just about economics. It's also about our contribution to fighting global warming." Freudenberg's IT solutions help customers optimize their processes in areas like logistics and manufacturing, which indirectly promotes sustainability. They point out that there's no international benchmark in this area yet, but they believe the sum of these process-related energy-saving measures will be as important in the long term as the immediate effects of isolated green IT solutions.

## Help in times of emergency

The idea for the training center emerged from the employees in India, who wanted to provide long-term support for the region.

However, the Freudenberg Foundation, which is fully funded by the parent company – by its board members who transferred their shares to the foundation – don't have voting rights. The Foundation consistently provides help to regions of the world prone to natural disasters. For example, it stepped in after the 2004 tsunami in India that devastated half of Southeast Asia. The Foundation also helped following the 2008 earthquakes in the Chinese region of Sichuan. In both cases, the Foundation's involvement provided long-term assistance in rebuilding the area's infrastructure, including, the reconstruction of damaged schools.



...the focus is on providing world-class training for the rural students in the Nagapattinam region and slowly the trainees are absorbed in Freudenberg Group companies.

## Value added for the company

The Freudenberg Training Center in Nagapattinam, opened in 2008, has already trained almost 350 youth and will be further supported by the Freudenberg Group to provide education opportunities to young people in the long run. The firm sees this initiative as contributing to its social capital in the region as well as having a steady supply of technically competent workforce. The training program is for three years and skills are honed on the computer-operated machines.

In 2013 Freudenberg Filtration Technologies India, located in Pune, won the Freudenberg "We all take care" Award in the CSR category. The "We all take care" award aims to promote the safety and health of all employees and promotes environmental awareness and consciousness of corporate responsibility. As the company website points out, the initiative calls on employees to think of ideas and suggestions for improvement and also to engage in promoting the vision of "responsibility" in his/her area of work. Having access to internal project data on a local intranet helps them know the specifics of each project, hence allowing them to make informed suggestions.

Since 2010, teams of employees have spent their free day during Diwali working for charitable organizations, such as an orphanage, a nursing home or a school for HIV-positive

children. As of now, the focus is on providing world-class training for the rural students in the Nagapattinam region and slowly the trainees are absorbed in Freudenberg Group companies.

In Nagapattinam, Freudenberg works closely work with local government, such as district administration and local village Panchayat (grass-roots administrative body), which gives credibility and lends relevance to training in the local context.

## Nonprofit and community engagement

The Training Center is itself a nonprofit entity, and Freudenberg group companies support this Training Center and the local community. The training offered here is modeled after the German apprenticeship model and is of a very high quality, which is made possible by the technology transfer and also rigor of training offered.

As the Foundation website points out, the training is offered in four classrooms, four workshops, planning rooms and a canteen. The trainees pay a nominal fee, which supports the functioning of the center. While the apprentices can pay back the \$150-\$170 per year, they also have the option of paying it off with their work. The facility is located on an approximately 57,000-square-meter site.

Further, there is a microprocessor-controlled stamping machine donated by Yasunari Unemara, Managing Director of EKK Eagle Industry Co. Ltd., Tokyo, that gives the apprentices very practice-relevant training. This machine gives training in CAN technology, giving them the opportunity to learn computer-supported processes.

The local community has been supportive of this initiative, as it helps the local youth get training as well as find employment in the long term.

## Results

Around 150 young trainees get trained every year from the tsunami affected Nagapattinam region and so far 350 trainees have found employment in engineering and other firms in the region. The number of students who have successfully completed training is a tangible measure of success. So is the number of graduates who have gained employment.

## The Innovation

The Training Center provides a world-class training facility in a very remote village in Nagapattinam District. While there are many technical training institutes, this model of apprenticeship offers a clear pathway to employment is new and can be

considered an “innovation.” There is no such training center in a remote village anywhere in the country.



Given the need for better technical training and assistance, **this center has emerged as a model CSR project.**

## Conclusion

Freudenberg Group has a social responsibility mandate that cuts across its various companies and the regions it operates in. While in Germany, the group is supporting refugees coming in from Syria, it is ensuring technical training for those affected by Tsunami in India.

The Group is offering technical training, keeping in line with its focus on technical expertise and services across a wide range of industries. Given the need for better technical training and assistance, this center has emerged as a model CSR project. Recent media reports have shown that over a fifth of the students graduating from India’s engineering schools are unemployed. Freudenberg’s apprenticeship and training model, which is uniquely German, may hold the key for addressing the employment challenge for India’s youth. India trains close to 1.5 million engineers every year, but they face a challenge when looking for employment, as two of the industries hiring them – information technology and manufacturing - have slowed down hiring.

As a model of training, Freudenberg’s CSR project may even inspire other organizations to explore the apprenticeship model, which may suit the Indian economy more than the existing system, which produces engineers and technically trained diploma holders, who may not have sufficient practical knowledge to perform the tasks at a high level of proficiency.

## References

Interview with Sanaj Natarajan, Senior Manager – Communications.

Freudenberg Website - <http://www.freudenberg.in/en/company/companies/Pages/default.aspx>

Freudenberg Foundation Website - <http://www.freudenberg.com/en/Responsibility/Socialresponsibility/Pages/FreudenbergFoundation.aspx>

Economic Times - [http://articles.economictimes.indiatimes.com/2013-06-18/news/40049243\\_1\\_engineers-iit-bombay-batch-siz](http://articles.economictimes.indiatimes.com/2013-06-18/news/40049243_1_engineers-iit-bombay-batch-siz)

**The Satell Institute** is an independent, nonprofit, nonpartisan, fully-endowed thought leadership and research organization – a Think Tank for Corporate Social Responsibility (CSR) – focused on championing the interdependence of successful business organizations and the well-being of the communities in which they operate.

Inform. Engage. Impact.



*A Think Tank for Corporate Social Responsibility*

370 Technology Drive  
Malvern, PA 19355  
610-727-0539

**[TheSatellInstitute.org](http://TheSatellInstitute.org)**

