



SUCCESS THROUGH SOCIAL RESPONSIBILITY: A UNIQUE MODEL OF TATA GROUP

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Abstract

In this paper an attempt made by the authors to highlight the Corporate Social Responsibility (CSR) activities, finding out its scope taking the case of the TATA Group under Mr.Ratan Tata who has exemplified the sense of responsibility towards the upliftment of common masses and protection of the environment and development of the nation. CSR initiatives, to really bear fruit, must result in a mutuality of benefits for the society/stakeholders as well as for the corporation itself. CSR initiatives should be so integrated and internalized by the corporations that they are placed at the very heart of the business and not merely as an appendage to it.

Key words: Achievement, Corporate, Responsibility, Sustainability

Tata Corporate Sustainability Policy: "No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people". - J R D Tata

I. Introduction

As per the Companies Act, 2013, section 135, every company having a net worth of rupees five hundred crore or more, or a turnover of rupees one thousand crore or more or a net profit of rupees five crore or more, during any financial year, shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility policy. Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. In recent years CSR has become a fundamental business practice and has gained much attention from management teams of larger international companies. Companies

have determined that their impact on the economic, social and environmental landscape directly affects their relationships with stakeholders, in particular investors, employees, customers, business partners, governments and communities

Literature Review

The concept of CSR originated in the 1950's in the USA but it became prevalent in early 1970s. At that time US had lots of social problems like poverty, unemployment and pollution. Consequently a huge fall in the prices of Dollar was witnessed. Corporate Social Responsibility became a matter of utmost importance for diverse groups demanding change in the business. During the 1980's to 2000, corporations recognized and started accepting a responsibility towards society. Corporate



social responsibility (CSR) focuses on the wealth creation for the optimal benefit of all *stakeholders* – including shareholders, employees, customers, environment and society. The term stakeholder means all those on whom an organization's performance and activities have some impact either directly or indirectly. This term was used to describe corporate owners beyond shareholders as a result of a book titled *Strategic management: a stakeholder approach* by R. Edward Freeman in the year 1984.

According to Bowen, "CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society". Frederick (1960) stated Social responsibility means that businessmen should oversee the operation of an economic system that fulfils the expectations of the people. Davis (1960) argued that social responsibility is a nebulous idea but should be seen in a managerial context. He asserted that some socially responsible business decisions can be justified by a long, complicated process of reasoning as having a good chance of bringing long-run economic gain to the firm, thus paying it back for its socially responsible outlook (p. 70). An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status (Bajpai, 2001). Goyder (2003) argues: Industry in the 20th century can no longer be regarded as a private arrangement for enriching shareholders. It has become a joint enterprise in which workers, management, consumers, the locality, govt. and trade union officials all play a part. If the system which we

know by the name private enterprise is to continue, some way must be found to embrace many interests whom we go to make up industry in a common purpose. CSR implies some sort of commitment, through corporate policies and action. This operational view of CSR is reflected in a firm's social performance, which can be assessed by how a firm manages its societal relationships, its social impact and the outcomes of its CSR policies and actions (Wood, 1991).

Objectives of the study

The objectives of this research paper are to:

- 1) Understand the concept of CSR;
- 2) Find out the operational dimension of CSR in Tata Group and
- 3) Examine how far Tata Group has been successful in discharging the Social Responsibilities to all its stakeholders

Research Methodology Exhaustive literature survey regarding the topic and related concepts has been done. Secondary data inclusive of quantitative and qualitative data as well collected from various sources including books, research papers, newspapers, magazines, and websites is used for the purpose of study.

ANALYSIS OF THE STUDY

II. Tata Group and its CSR Initiatives

Ranging from steel, automobiles and software to consumer goods and telecommunications the Tata Group operates more than 80 companies. It has around 200,000 employees across India and thus has the pride to be nation's largest private employer. Mr. Ratan N. Tata has led the eminent Tata Group successfully. Under Tata, the group went through major organisational phases —



rationalisation, globalisation, and now innovation, as it attempts to reach a reported \$500 billion in revenues by 2020-21, roughly the size of what Walmart is today. Tata is accredited to initiate various labor welfare laws. For example- the establishment of Welfare Department was introduced in 1917 and enforced by law in 1948; Maternity Benefit was introduced in 1928 and enforced by law in 1946. A pioneer in several areas, the Tata group has got the credit of pioneering India's steel industry, civil aviation and starting the country's first power plant. It had the world's largest integrated tea operation. It is world's sixth largest manufacturer of watches (Titan).

Recognition of CSR —In a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence." - JamsetjiNusserwanji, Tata Founder, Tata Group. "Corporate Social Responsibility should be in the DNA of every organization. Our processes should be aligned so as to benefit the society. If society prospers, so shall the organization..." - Manoj Chakravarti, G M - Corporate Affairs & Corporate Head - Social Responsibility, Titan Industries Limited in 2004. Corporate Social Responsibility has always been taken care of by the Tata group.

The CSR initiatives of Tata Group are in several areas such as environment, human rights and product responsibility.

Environment: The objectives of the company's environmental policy are pollution prevention and compliance with all applicable legal requirements. The organization has ISO-14001 certified auditors. The Green Procurement Policy was formulated by the company with the following objectives- adopt reduce-reuse-recycle, buy recycled materials and put

in place a green supply chain. In the context of biodiversity, TCS is working on conservation and sustainable economic development.

Human rights:The TATA code of conduct enunciates basic values of integrity, leading change, excellence, and respect for individuals and fostering an environment of learning and sharing. TCS has been certified People Capability Maturity Model (PCMM) Level 5, which was valid till 2007-08 (Curtis, Hefley and Miller, 2002). At the board level, the Ethics and Compliance Committee has been set up to ensure all codes of conduct are followed and corporate disclosure practised.

Introducing Changes in the Company's Article and Rules for Sustaining CSR Clause No. 10 of Tata Group

A Tata Company shall be committed to be a good corporate citizen not only in compliance with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates with the objective of making them self-reliant. Such social responsibility would comprise, to initiate and support community initiatives in the field of community health and family welfare, water management, vocational training, education and literacy and encourage application of modern scientific and managerial techniques and expertise. To institutionalize the CSR charter, a clause on this was put into the group's 'Code of Conduct.' This clause states that group companies had to actively assist in improving quality of life in the communities in which they operated. All the group companies were signatories to this code. CSR was included as one of the key business processes in TISCO. It was one of the eight key business processes identified



by TISCO's management and considered critical to the success of the company.

CSR Activities of Tata Companies & Societies:

Through the companies and societies LIKE Tata Steel, Tata Motors, Tata Chemicals Ltd (TCL) , Tata Tea, Titan, TISCO, TELCO, Tata Consultancy Services (TCS)

, Tata Archery Academy, Tata Quality Management Services (TQMS) TCSR Tata Chemicals Limited (TCL) , Tata Relief Committee AND Tata Council for Community Initiatives (TCCI) Tata group keeps on heading towards the fulfilment of corporate social responsibility in various dimensions.

Tata Steel spends 5-7 per cent of its profit after tax on several CSR initiatives.

Self-help groups: Over 500 self-help groups are currently operating under various poverty alleviation programs; out of which over 200 are engaged in activities of income generation thorough micro enterprises. Women empowerment programs through Self-Help Groups have been extended to 700 villages.

Social Welfare Organizations: Tata Steel supports various social welfare organizations. These include the Tata Steel Rural Development Society, Tata Tribal Cultural Society, Tata Steel Foundation for Family Initiatives, National Association for the Blind, ShishuNiketan, School of Hope, Centre for Hearing Impaired Children, Indian Red Cross Society, East Singhbhum. Tata steel has hosted 12 LifelineExpresses in association with the Ministry of Railways, Impact India foundation and the Government of Jharkhand. It has served over 50, 000 people.

Healthcare Projects:In its 100th year, the Tata Steel Centenary Project has just been announced. The healthcare projects of Tata Steel include facilitation of child education, immunization and childcare, plantation activities, creation of awareness of AIDS and other healthcare projects.

(d) Economic Empowerment:A program aiming at economic empowerment through improvised agriculture has been taken up in three backward tribal blocks in Jharkhand, Orissa and Chhattisgarh. An expenditure of Rs 100 crore has been estimated for the purpose and this program is expected to benefit 40,000 tribal living in over 400 villages in these three States.

(e)Assistance to Government Tata Steel has hosted 12 Lifeline Expresses in association with the Ministry of Railways, Impact India Foundation and the Government of Jharkhand. It has served over 50,000 people. Five thousand people have got surgical facilities and over 1,000 people received aids and appliances. Over seven lakh rural and another seven Lac urban population have been benefited by the CSR activities of Tata Steel. The National Horticulture Mission program that has been taken up in collaboration with the Government of Jharkhand has benefited more than a thousand households. In collaboration with the Ministry of Non-Conventional Energy and the Confederation of Indian Industry, focus is laid on renewable energy aiming at enhancing rural livelihood.

Pollution Control: Tata Motors has also made investments in the establishment of an advanced emission-testing laboratory.



Ecological Balance:

Tata Motors has planted 80,000 trees in the works and the township and more than 2.4 million trees have been planted in Jamshedpur region.

Employment Generation: The Tata Motors Grihini Social Welfare Society assists employees' women dependents; they make a variety of products, ranging from pickles to electrical cable harnesses etc; thereby making them financially secure.

(d) Economic Capital

In Lucknow, two Societies - SamajVikas Kendra & Jan ParivarKalyanSanthan have been formed for rural development & for providing healthcare to the rural areas. These societies have made great efforts for health, education and women empowerment in rural areas.

Human Capital

Tata motors have introduced many scholarship programs for the higher education of the children. Through a scholarship program Vidyadhanam, the company supports 211 students. Out of these students 132 students are from the marginalized sections of the society. These students get books, copies and other study materials. They also undergo different kinds of workshops, creative & outdoor sessions and residential camps as well. The company has entered into Public-Private Partnership (PPP) for upgrading 10 Industrial Technical Institutes (ITI) across the country.

Natural Capital

On the World Environment Day, Tata Motors has launched a tree plantation drive across India and countries in the SAARC region, Middle East Russia and Africa. As many as 25,000 trees were planted on the day. Apart from this more

than 100,000 saplings were planted throughout the monsoon.

Hospital on wheels

Tata Chemicals Limited was also the first organization to run world's first hospital on wheels - the Life Line Express, through Jamnagar district for the first time between November 21, 2004 and December 21, 2004.

Tata Tea has been working hard since the 1980s to fulfil the needs of specially-able people and various programs provide education, training and rehabilitation of children and young adults with special needs.

The DARE: It provides the students with training in basic academics, self-help skills and skills like gardening, cooking, weaving etc. Children are taught to paint and some of the paintings are printed and sold as greeting cards. The sales proceeds of which are used back into the units.

The DARE strawberry: It preserves unit trains youngsters to make natural strawberry preserve. The trainees are paid for the work; they receive social cover, free medical aid and other benefits.

Athulya: It has two units: A vocational training centre that imparts training in stationery-making and another one is a handmade paper-making unit which trains physically challenged persons in the art of making recycled paper

Aranya: This project was started to nurture the lives of the disabled and also to revive the ancient art of natural dye. Individuals are given training in various natural dyeing techniques including block printing, tie and dye, batik work,



etc. Their products are sold in and outside the country.

Community development

Titan Company has embarked on and completed several community development programmes as part of its CSR initiative. A few among these successful projects are:

Titan Scholarship - Have been awarded to students in Dharmapuri and Krishnagiri districts (Tamil Nadu), based on academic performance and socio-economic background for over 550 students from the economically backward section. In 2013-14, this programme has been extended to Uttarakhand.

Titan Township: A sustainable community in Hosur (Tamil Nadu), that provides housing to 1300 residents collaborating with NGOs MCA and Ashraya.

Titan Kanya - Educating the Girl Child: A pan-India programme to empower the girl child by ensuring that she completes her primary education upto class X. About 5000 girls have benefited from this programme.

Meadow Project (Myrada): an inclusive growth programme in collaboration with a local NGO ensured a collaborated effort with self-help groups of rural women to provide gainful employment to more than 510 rural women in and around Hosur, with our three manufacturing plants (Tamil Nadu).

TISCO was awarded The Energy Research Institute (TERI) award for Corporate Social Responsibility (CSR) for the fiscal year 2002-03 in recognition of its corporate citizenship and sustainability initiatives.

Tata Relief Committee Tata Relief Committee (TRC) works to provide relief at disaster affected areas. During natural calamities there are two phases of assistance - (a) relief measures and (b) rehabilitation program. After the Gujarat earthquake the group built 200 schools in two years and they rendered help during the Orissa floods when people lost cattles. Even after the Tsunami disaster members of TRC immediately reached the places and supplied the things required.

Conclusion

The foregoing analysis succinctly reveals that in order to bring back and maintain balance between economic and social parameters, corporate entities today are increasingly required to focus and act decisively on CSR front. It is also crystal clear from the study that the Tata Group has gone a long way in fulfilling its duties and responsibilities towards society and nation besides pursuing the economic objectives. The concept of private-public partnership (PPP) should be applied in the effective implementation of CSR i.e. government and business houses should act in collaboration for the cause. Besides, periodic review of the CSR activities should be conducted by every business entity so as to identify the pitfalls and the areas left out. Innovation should essentially be a matter of concern; be it searching the untouched areas and scope of CSR or the formulation of CSR strategy or the implementation thereof. NGOs should be encouraged to act in collaboration for the CSR activities under different schemes and projects as they play a crucial role in the upliftment of the masses.



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