

# A Study on Corporate Social Responsibility with Special Reference to Tata Group of Companies-India

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**Abstract**—In spite of India being a developing country there are various areas that need to be concentrated for the development. The public and private participation (i.e., the PPP) concept is required in today's business and industrial scenario. The recent company Act 2013 insists that Corporate Social Responsibility (CSR) is mandatory for industrial sector, in order to identify the level of CSR followed by various industries. TATA group of companies has selected as a research study. Well defined objective were framed, methodology has been designed, related data has been collected and analysed with suitable statistical tools. The finding of the study has been highlighted and an attempt is made to understand the CSR of TATA group of companies in India.

**Keywords:** Public, Private, Mandatory, Corporate Social Responsibility, Methodology.

## 1. Introduction

Ethics can be defined as the critical structured examination of how we should behave in particular, how we should constrain the pursuit of self interest when our action affect others. Ethics involves learning what is right or wrong and then doing the right thing, but the right thing is not merely as straight forward as conveyed. Ethics can be considered as a management discipline especially since the birth of Corporate social responsibility movement in the 1960's in that decade social awareness movements raised expectations of business to use their massive financial and social problems. The topic corporate social responsibility is more suitable for TATA group of companies. The TATA group leads in the name with leadership with quality. TATA leads the business in a successful manner as well as good ethics is maintained in and around the concern.

## STATEMENT OF THE PROBLEM

Less importance of social responsibility and poor ethical behaviour like deception, false advertising, misrepresentation, exaggerated promises and unfair comparisons are exploiting the consumer in the market. Day by day unethical practices are increasing and because of that the customers are facing a lot of

confusions in decision making. The corporates are not giving that much importance for Corporate Social Responsibility. This study helps to know the Corporate Social Responsibility and ethical practices of TATA group of companies in India.

## OBJECTIVE OF THE STUDY

- To study the CSR activities of TATA group of companies.
- To identify the factors influencing CSR.
- To understand the importance of CSR in societal development.
- To offer suggestions based on the study.

## SIGNIFICANCE OF THE STUDY

The study highlights the various CSR activities of Tata group of companies. This study will be a reference for corporate social responsibility and business ethics in today's industrial scenario.

## RESEARCH METHODOLOGY

### Area of the study

The study covers India as a whole.

### Source of data

Secondary data has been used for the study

## LIMITATIONS OF THE STUDY

- The study covers only CSR activities of TATA group of companies.
- The area of study is restricted to India.
- Only secondary data's has been used.

## 2. REVIEW OF LITERATURE

**Bowen (1953)** states "CSR refers to the obligations of businessmen to pursue those policies to make 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.

**Frederich (1960)** stated ‘social responsibility means that businessmen should oversee the operation of an economic system that fulfils the expectations of the people.’

**Goyder (2003)** argues: “Industry in the 20<sup>th</sup> 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, government 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 got to make up industry in a common purpose.”

**Wood (1991)** says that 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.

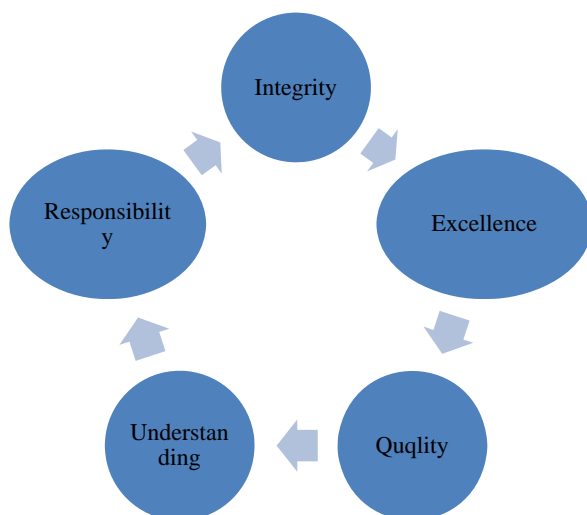
**Bajpai (2001)** indicates that an ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status.

### 3. PROFILE OF THE ORGANISATION

#### TATA GROUP OF COMPANIES

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 the nation’s largest private employer.

#### Ethics and TATA



**Fig. 1: TATA companies Five Core Values**

#### 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.” -Jamsetji Nusserwanji, founder of Tata group.

#### History of CSR

The concept of CSR originated in the 1950’s in USA, but it became prevalent in early 1970s. At that time US had lots of social problems like poverty, unemployment and pollution, also huge fall in the price of the dollar. CSR became a matter of utmost importance for diverse groups demanding change in the business. During the 1980 to 2000, corporations recognised and started accepting a responsibility towards society. CSR focuses on wealth creation for the optimal benefit of all stakeholders.

#### CORPORATE SOCIAL RESPONSIBILITY OF TATA GROUP

Ranging from steel, automobiles and software to consumer goods and telecommunications the Tata group operates more than 80 companies. It has around 2,00,000 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. He assumed the chairmanship of the group in 1991. Named Business man of the year for Asia by Forbes in 2004, Mr. Ratan Tata serves on the board of the Ford Foundation and the program board of the Bill & Melinda Gates Foundation’s India AIDS initiative. After successor Mr. Ratan Tata now the predecessor Mr. Cyrus Mistry has taken the responsibility. 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.

Approximately two third of the equity of the parent firm, Tata Sons Ltd., is held by philanthropic trusts endowed by Sir Dorabji Tata and Sir Ratan Tata, sons of Jamsetji Tata, the founder of today’s Tata empire in 1860’s. Through these trusts, Tata Sons Ltd. utilises on average between 8 to 14 percent of its net profit every year for various social causes. Even when economic conditions were adverse, as in the late 1990’s the financial commitment of the group towards social activities kept on increasing from 670 million in 1997-98 to Rs. 1.36 billion in 1999-2000. In the fiscal year 2004 Tata steel alone spent Rs. 45 crores on social services.

Tata group are the pioneers in implementing various beneficiaries’ measures for the employees. For e.g. 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).

## CSR activities of TATA group

### 1. TATA steel

Tata steel has adopted the corporate Citizenship index, Tata business Excellence Model and the Tata Index for sustainable Development. Tata steel spends 5-7 percent of its profit after tax on several CSR initiatives

#### a) Self-Help Groups (SHG)

Over 500 self-help groups are currently operating under various poverty alleviation programs, out of which 200 are engaged in activities if income generation through micro enterprises. Women empowerment programs through SHG have been extended to 700 villages.

#### b) Supports social welfare Organisations

Tata steel supports various welfare organisations, they include;

Tata steel rural development Society, Tribal Cultural Society, Tata steel foundation for family initiatives, National association for the Blind, Shishu Niketan School for Hope, and Centre for Hearing Impaired Children.

#### c) Health care projects

In its 100<sup>th</sup> year Tata steel cenetary project has just been announced. The health care projects have been announced. The health care projects of Tata steel include facilitation of child education, Immunization and child care, plantation activities, creation of awareness of Aids and other health care projects.

#### d) Economic empowerment

An expenditure of Rs. 100 crores has been estimated for the purpose and this program is expected to benefit 40,000 tribal living in over 400 villages in Jharkhand, Orissa and Chhattisgarh.

#### e) Assistance to government

Tata steel has hosted 12 Lifeline express in association with the Ministry of Railways, Impact India Foundation and the Government of Jharkhand. It has served over 50,000 people.

The national Horticulture Mission program that has been taken up in collaboration with the Government of Jharkhand has benefited more than a thousand households.

### 2. TATA MOTORS:

#### a) Pollution control

Tata motors are the first Indian company to introduce vehicles with Euro norms. Tata motors joint venture with Cummins engine company, USA, in 1992 took a major effort to introduce emission control technology in India. To make

environment friendly engines it has taken the help of world-renowned engine consultants like Ricardo and AVL.

#### b) Restoring 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. Over half million trees have been planted in poona region. The company has directed all its suppliers to pack their products in alternate material instead of wood. In pune the treated water is conserved in lakes attracting various species of birds from around the world.

#### c) Employment Generation

The Tata motors Grihini Social Welfare Society assists employees women dependents, they make variety of products ranging from pickles to electrical cable etc.

#### d) Economic Capital

In Lucknow, two societies- samaj Vikas Kendra and Parivar Kalyan Santhan have been formed for rural development and providing health care to the rural areas.

#### e) Human capital

Tata motors has introduced many scholarship programs for the higher education of the children. Through scholarship Vidyadhanam the company supports 211 students. The company has entered into public-Private Partnership (ppp) for upgrading 10 industrial Technical Institutes (ITI) across the country.

#### f) Natural capital

On the world Environmental 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.

### 3. TATA CHEMICALS Ltd (TCL)

Tata chemicals are making an effort for sustainability. Sustainability for the group means honesty and transparency towards stakeholders, environment protection, generating economic value, promoting human rights and creating social capital. Tata chemicals supports the UN Global compact and is committed to reporting its sustainability performance in accordance with GRI (Global Reporting Initiatives) guidelines. Tata chemicals limited was also the first organisation to run world's first hospital on wheels – the Life Express, through Jamnagar district for the first time between November 21, 2004 and December 21, 2004.

### 4. TATA TEA

Tata Tea has been working hard since the 1980's to full fill the needs of specially abled people. It has setup the Srishti Welfare Centre at Munnar, Kerala; its various programs

provide education, training and rehabilitation of children and adults with special needs.

### 5. TITAN

CSR is a basic element of TITAN Group's governing objective and one of its corporate values. In its corporate philosophy CSR is defined as doing less harm and more good by adopting the following practices: Respecting and supporting local communities, caring for the employees, being an active member for the society, committed to sustainable development, indicating work safety.

### 6. TISCO

The TISCO was awarded The Energy Research Institute (TERI) award for CSR for the Fiscal year 2002-03 in recognition of its corporate citizenship and sustainability initiatives. TISCO was also conferred the Global Business Coalition Award in 2003 for its efforts in spreading awareness about HIV/AIDS.

### 7. TELCO

Telco, Pune has started community development activities for the benefit of TELCO families and local residents in 1973.

### 8. TATA CONSULTANCY SERVICES (TCS)

The elements that make for strong corporate sustainability at TCS include: A fair transparent corporate governance, a strong strategy for long- term growth, Best in class HR process, initiatives for community upliftment and welfare. TCS runs an adult literacy program. Indian government launched Saakshar Bharat, an adult education programme in 2009 and the programme will now go online via TCS partnership.

### 9. TATA ARCHERY ACADEMY

It was established in Jamshedpur in 1996. The academy has all training facilities like highly efficient coaches, Archery grounds, standard equipments, hostel and gymnasium facilities for its cadets.

### 10. TATA QUALITY MANAGEMENT SERVICES (TQMS)

It has been entrusted with the task of institutionalising the Tata Business Excellence Model (TBEM). It focuses on seven core aspects of operations: Leadership, Strategic Planning, Customer and Market focus, Measurement, Analysis and knowledge management, Human resource focus, process management and business results.

### 11. TATA CHEMICALS SOCIETY FOR RURAL DEVELOPMENT

Tata chemicals Limited (TCL) setup Tata Chemicals Society for Rural Development (TCSR) in 1980 to promote its social objectives for the communities in and around Mithapur, where

its facility is located. It also aims at the building of health and education centres, Maternity centres etc.

### 12. TATA RELIEF COMMITTEE (TRC)

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.

### 13. TATA COUNCIL FOR COMMUNITY INITIATIVES (TCCI)

TCCI was established in 1994. TCCI's mission states: "we will work together to be and to be seen as, a group which strives to serve our communities and the society at large".

## 4. ANALYSIS AND FINDINGS

### Carroll's model of Social Responsibility

**Economic:** The firm being an economic entity, its primary responsibility is to satisfy economic needs of the society and generation of surplus for rewarding the investors and further expansion and diversification.

**Legal:** The laws of the land and international laws of trade and commerce has to be followed and complied with.

**Ethical:** Ethical responsibilities are norms which the society expects the business to observe like not restoring to hoarding and other malpractices.

**Discretionary:** Discretionary responsibilities refer to the voluntary contribution of the business to the social cause like involvement in community development or other social projects pertaining to health and awareness of the masses.

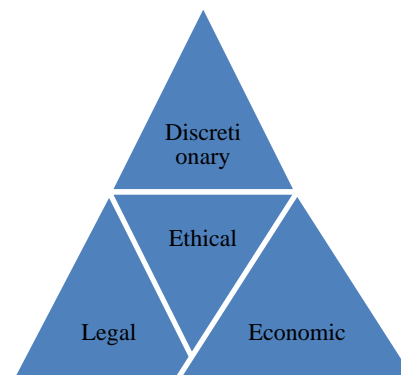


Fig. 2: Carroll's model of social responsibility

### Classification of Social Responsibility

- **Responsibility towards itself:**

Every corporate must work towards growth, expansion and stability and thus earns profit.

- **Responsibility towards employees**

Timely payment, good environment, encouraging them to take part in managerial decisions.

- **Responsibility towards shareholders**

It must make efforts to provide a reasonable return on their investment.

- **Responsibility towards State**

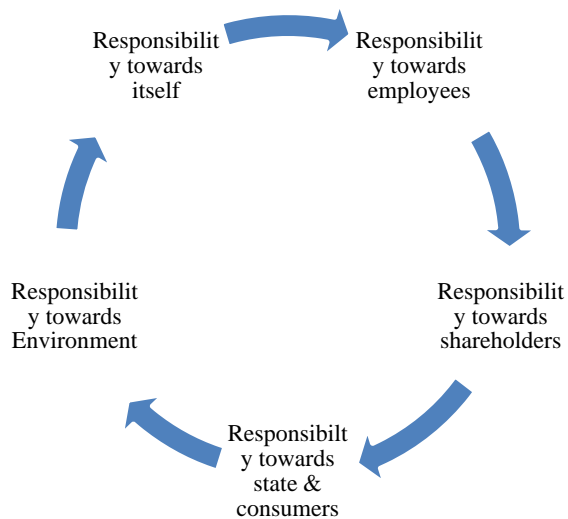
Out of profit available, the state is entitled to a certain share as per the income tax laws. Utmost transparency has to be exerted regarding the profit & loss account and the balance sheet.

- **Responsibility towards Consumers**

It should maintain ethical business, treat customers with loyalty.

- **Responsibility towards Environment**

It should protect environment from various pollutions and encourage for eco-friendly products.



**Fig. 3: Classification of Social Responsibility**

### TATA'S DEDICATION TO THE NATION

**Tata Health Infrastructure** :Tata main hospital at Jamshedpur, ICU in JODA & Balangpur, Lifeline Express & Mobile health centres

**Tata Educational Infrastructure:** Institute of Mathematics, Joda college Centenary learning centre, Sukinda college, JN Tata Technical Education centre, & School of hope.

**Tata sports Infrastructure:** Tata Athletics academy, Tata Archery academy, Tata football academy, Tata steel adventure foundation, Sports feeder centres, Stadium at Keonjhar.

### Preservation of culture and Heritage

- Contribution to setting up National Centre for performing Arts- Mumbai.
- Tribal cultural centres showcases legacy of nine tribes – Jharkhand & Orissa.
- Gramshree Mela activities.

### 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. – **JRD. TATA**

The corporate policy of the group encompasses the sustainable development of all the stake holders. The major points include:

- Demonstrate responsibility and sensitivity to biodiversity and the environment.
- Comply with rules and regulations relating to environment.
- Constantly upgrade technology and apply state-of-the-art processes and practices with institutional arrangements that will combat larger issues like climate change and global warming.
- Create sustainable livelihoods and build community through Social programs pertaining to health, education, empowerment of women and youth, employee volunteering.
- Find ways to enhance economic human, social and natural capital for bringing and maintaining a balance among business, society and environment.

## 5. SUGGESTION AND CONCLUSION

### SUGGESTIONS

- The TATA group are the pioneers in India for implementing ethical business and societal responsibility. It is suggested to continue as such.
- TATA group has its own Ethical values and Core of Contact which requires relationship with other industries.
- TATA group follow their own business models it is suggested to other business units.
- The concept of Public-private partnership (ppp) can be applied more for societal development.
- The Tata group has tremendous capacity in implementing new concepts; they can also take measures in implementing by creating awareness programmes for clean India.
- TATA group can also help other corporates by suggesting them to actively involve in CSR activities.

- TATA group can help NGO's by participating in various societal development activities.

## CONCLUSION

Tata group of companies are well known for their business ethics and social responsibility. They are the pioneers in implementing various CSR activities. They are trying their best through various development processes in societal upliftment. There are multiple beneficiaries benefited by Tata group. As mentioned earlier there must be more public private partnership (ppp) is societal development. The great corporates like Tata group are being a role model for various corporates around the globe. This study highlights various societal development activities done by TATA group of companies, also it will be a model for other corporates to implement and follow their own Ethics and CSR activities.

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