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**BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY AT TATA  
GROUP**

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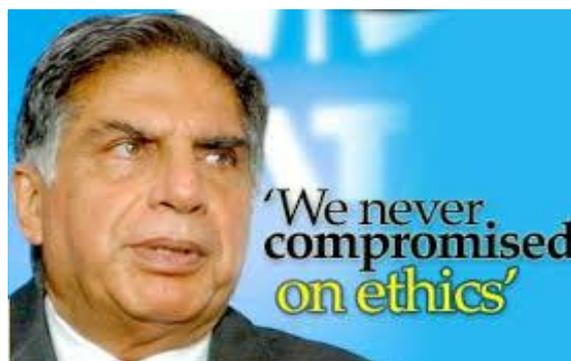
***ABSTRACT***

*From the ancient trade time to today's modern era of technology, the human has covered amazingly a long path. Definitely profit is the driving force behind all this technological and economical development, but every coin has two sides, growing stiff competition and business rivalries started taking heavy charge on the quality, environment and the society in general threatening to the peaceful environment of business and society. In current scenario business organizations started realizing that they would have to rise in profit but also take care of all associations with their survival in the society directly or indirectly. This realization and awareness resulted into the idea of Corporate Social Responsibility (CSR). This research paper move around developing an understanding about the corporate social responsibility (CSR), delving into its concept and finding out its scope taking the case study 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.*

## Introduction

Tata enterprise is the most valuable retail outlet where every second goods we use and go to turn at this store. The salt for food, the car we drive, the electronics goods we use, the tea we drink, the quality five star hotels where we love to go to, the list of products and services of Tata group surrounding us doesn't seem to end. Tata group established by Jamsetji Tata in 1868, early years of Tata were inspired by the spirit and passion of nationalism. This group consists several industries which are very important for the national growth in India: hospitality, steel, power, and airlines. In more recent times, its revolutionary strength has been showcased by companies like TCS, The first Indian software company, and The first indigenously developed car made by Tata Motors, the Indica, in 1998 and recently launched the world's most affordable car, the Tata Nano.

Cyrus P Mistry, The current chairman of Tata group is who was pre-ceded by Ratan Tata uptill the year 2006. The major Tata companies are Tata Steel, Tata Motors, Tata Consultancy Services (TCS), Tata Power, Tata Chemicals, Tata Global Beverages, Tata Teleservices, Titan, Tata Communications and Indian Hotels. Going forward, The focus of Tata on fresh technologies, modernization and innovation to drive its business in India and internationally. The Nano car is one example, as is the Eka supercomputer (developed by another Tata company), which in 2008 was ranked the world's fourth fastest. Fasten in India and committed to traditional values and strong ethics, Tata companies are creating global businesses that will accomplish growth through excellence and innovation, while harmonizing the interests of shareholders, employees and civil society.



Known for being at the top not just for the excellence they achieve in each new field they enter, the Tata group is also known for their huge heart, and when we say that we mean the philanthropic activities they undertake. Among the popular activities that this group has

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undertaken special mentions are of the Tata institute of social sciences, Tata Memorial hospital, Tata institute of Fundamental Research and provision of funds for the the Tata Hall a new building at the prestigious Harvard Business School (HBS)used for the institute's executive education programs.

Also, the very famous and heart touching, examples of how after the Mumbai terrorist attacks (26/11), Salaries of then heavily attacked Taj Hotel employees were paid despite the hotel being closed for reconstruction. About 1600 employees were provided food, water, sanitation and first aid through employee outreach centres. Ratan Tata personally visited families of all the employees that were affected. The employee's relatives were flown to Mumbai from outside areas and were all accommodated for 3 weeks.

Tata also covered compensation for railway employees, police staff, and pedestrians. The market vendors and shop owners were given care and assistance after the attacks. A psychiatric institution was established with the Tata Group of Social Science to counsel those who were affected from the attacks and needed help. Tata also granted the education of 46 children of the victims of the terrorist attacks provided salaries to all employees.

The Tata Group is a big family of businesses that dominates Indian markets. There is a long history of corporate responsibility within the group, and it is no surprise that all Tata companies have adopted a Tata Code of Conduct as well as many international standards.

This case study concerns initiatives undertaken by Tata Steel, as examples of those implemented by the wider organization. It is divided into two broad sections; the first of which discusses corporate responsibility during the business process (entitled 'Corporate Governance'); the second of which discusses social investment and philanthropy undertaken with the use of company profits and donations. Because Tata Steel appears to choose and implement projects of its own design, the last section contains discussion of the dangers (and benefits) of "targeting". The Tata group can be considered as the true example of a corporate giant with a huge heart.

### **Major Issues and Learned Lessons**

Tata Steel has provided many examples of how business-community relations are approached by the private sector in India at the present time. Summaries of Tata initiatives reveal that the company is working to improve both "before" and "after-profit" practice.

Corporate governance is being tackled through increased transparency in business operations,

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illustrated in the establishment of an Audit Committee. The Tata Code of Conduct also means that the company holds certain principles, based on value judgments, that influence its policies and procedures. One result of this has been the adoption of various organizational structures that are responsible for targeting particular issues, such as the Family Welfare and Environmental Management Department.

Moreover, Tata Steel has seemingly pushed back the boundaries of what is expected from “corporate social responsibility” (CSR) in India at this time. Not only has it given donations to local education, health and sports projects, but it has also demonstrated longer-term commitment in the establishment of the Tata Council for Community Initiatives (TCCI). Its participation in the Global Business Coalition to raise awareness of HIV/AIDS has earned international recognition over a sustained period. This is indicative of a move towards “social investment,” which heralds a more serious commitment to CSR than donations or sponsorship.

Tata Steel’s dalliance with employee volunteering is, however, of the most interest for this research project. It seems that the volunteer database enables the company to match volunteers with community positions easily and quickly. The experience then is more beneficial to everyone. It would be interesting to learn if employees are given incentives for volunteering, or if they are rewarded afterwards. This would have implications on the “real” motivation behind employees giving up their time for a local cause. Would this make a difference of the quality of work? Do volunteers need extra motivation anyway, or is altruism and personal satisfaction enough?

Another issue that arises from Tata’s employee volunteering scheme is the manner in which “jobs” and communities are chosen. On the Tata website, it is claimed that:

Companies are encouraged to design and implement programmes that help improve the health and hygiene of the various communities that are “adopted.”<sup>9</sup>

Prioritizing health and hygiene programmes seems like a good idea, because it targets the community’s “basic needs.” The doubts appear because the companies are expected to design their own projects. Moreover, the term “adopted” implies that the communities themselves had little choice in the matter.<sup>10</sup> All of a sudden it seems the company is dictating development programmes.

While this might be a misinterpretation, there are dangers in “top-down” approaches, especially when initiated by the private sector. In the first instance, the private sector might

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not have the technical knowledge to identify cause and solution. It is also possible that community projects are implemented in a manner similar to a business project. This might be by following a blueprint plan, rather than opting for a more flexible approach. It might lack community participation. Alternatively it might try to engage in community participation but have an inadequate understanding of power dimensions within the community that affects the outcome of the project.

In short, a business might not have the technical or sociological knowledge to implement a successful community project. Moreover, the community does need to have some opportunity to voice their complaints, for these to be heard and then challenged by way of a community project – although it is worth bearing in mind that often those who are able to “speak out” are not powerless. Tata’s paternal “adoption” of communities is therefore worrying, the implication being that the “targeted” communities have minimal input into their future relations with the company. Although Tata Steel’s initiatives have served communities on many levels, a means of enhancing business-community relations in the future would require communication between both sectors, when both parties are able to contribute to project selection and planning procedures.

### **Implementation of CSR**

#### **TATA Trusts**

The Sir Dorabji Tata supports and carry different kinds of NGOs — some of them do social work, some researches for welfare, while others are community based — generally for a period of two to five years. It also work with international agencies such as the United Nations, mostly in times of natural disasters. From time to time the Sir Dorabji Tata Trust also initiates the process for establishing institutes of national importance.

CSR activities taken by Sir Dorabji Tata trust can be categorized in various groups and described as under:

**Endowment grants** : TATA Trust has promoted, and continued to support, several institutions of learning, research and culture in India. These include the Tata Institute of Social Sciences, Mumbai, the Tata Memorial Centre for Cancer Research and Treatment, Mumbai, the Tata Institute of Fundamental Research, Mumbai, the Tata Agricultural and Rural Training Centre for the Blind, Phansa, and the National Centre for the Performing Arts, Mumbai.

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The Trust has also helped in establishing the Sir Dorabji Tata Trust Centre for Research in Tropical Diseases at the Indian Institute of Science, Bangalore, the JRD Tata Ecotechnology Centre, Chennai, and the National Institute of Advanced Studies, Bangalore.

**NGO grants:** The Trust makes grants to NGOs in five social development sectors:

Management of natural resources: The Trust supports projects related to water and water resources, land degradation and better methods of cultivating and harvesting crops.

**Livelihoods:** The Trust has backed several projects in this sector, covering unorganised labourers, capacity building of grassroots groups, and business development of a variety of people-based organisations.

**Education:** The Trust has supported initiatives in the field of education, focusing on children, adolescents and adults (within and outside the formal education system)

**Health:** The Trust has made contributions in creating and upgrading medical infrastructure and healthcare facilities across India, while focusing on training community health workers. The Trust also supports research studies in alternative systems of medicine such as ayurveda.

Social development initiatives: These cover many areas, including community development, human rights, family welfare, civil society, art and culture, and relief work.

**Individual grants:** The Trust gives merit and need-based educational and medical grants to individuals.

**Medical:** Financial help is extended to individuals for the treatment of diseases and to solve other health problems.

**Education:** The Trust offers scholarships for higher education and travel grants for studying abroad and for attending conferences, as well as for sports activities.

The Allied Trusts under Sir Dorabji Tata trust are, primarily, smaller trusts; while some have a specific mandate, the rest are broad-based in their approach to grant-making. The Sir Dorabji Tata Trust administers the Allied Trusts.

**JN Tata Endowment:** The first of the Tata trusts, it was established by group founder Jamsetji Tata, in 1892 to provide scholarship loans to individuals for the pursuit of higher studies abroad. Over 120 students are selected every year from across India as JN Tata scholars.

**Lady Tata Memorial Trust:** Established by Sir Dorabji Tata in 1932 in memory of his wife, Lady Meherbai, who died of leukaemia in 1930, the Trust spends four-fifths of its income on

international research in leukemia. The Trust also supports institutional research carried out by recognized Indian institutions, with the emphasis on leukaemia research.

**Lady Meherbai Tata Education Trust:** Set up in 1932, the Trust grants scholarships to young Indian women graduates of recognized Indian universities to pursue higher studies abroad in the fields of social work and public health. Additionally, and also coming under the umbrella of the Allied Trusts, are the Tata Social Welfare Trust, the RD Tata Trust, the Tata Education Trust, the JRD Tata Trust, and the JRD Tata and Thelma Tata Trust, all of which focus on women and children. The Jamsetji Tata Trust concentrates on overall developmental issues.

Sir Ratan Tata Trust was established in 1919 in accordance with the will of Sir Ratan Tata, the younger son of group founder Jamsetji Tata, the trust is a grant-bestowing public foundation.

The trust seeks to be a catalyst in development through giving grants to institutions in various areas. It focuses its grants towards organizations that it can partner to undertake innovative and sustained initiatives with the potential to make a visible difference. It also provides grants for endowments, has a separate programme for small grants and gives grants to individuals for education and medical relief.

**Institutional grants:** The bulk of the trust's institutional grants are in the areas of rural livelihoods and communities, and education.

**Enhancing civil society and governance:** The trust's grants are based on the three sub-themes of Citizenship and participation, Human rights and governance and Governance in civil society.

**Arts and culture:** Here, the trust's grants are focused around the Arts institutions and infrastructure, which revolves around regenerating institutions, theatre infrastructure and advanced learning in the arts; Arts and the public domain, revolving around urban spaces and new design pedagogy and Arts and the culture industries focusing on new media practices, researching culture industries, conservation and archiving and independent publishing in India on bringing arts practice into the classroom.

Tata Motors, governed by the Tata Code of Conduct (TCoC), has a commitment towards conducting business in a responsible manner. We have been regularly disclosing our non-financial performance in the public domain in the form of a Sustainability Report. Available on our website, the Sustainability Report provides comprehensive information on our sustainability agenda and performance. The report on Global Reporting Initiatives' G3.1 Guidelines was externally assured. It received the highest rating of A+ and also serves as our Communication on Progress on the United Nations Global Compact principles.

### **Education**

Education initiatives implemented include **scholarships, infrastructure and facility improvement** to allow greater access to quality education, implementing extra-curricular activities for overall development of students and teacher training programs.

### **Employability and Skill Advancement**

To promote skill-based employment for youth Tata Motors collaborates with 112 Industrial Training Institutes (ITI) across 19 states under the Institute Management Committee (IMC) Model. At the plant level, training is provided to women through Self Help Groups to empower them. The empowerment paves the way for economic self-reliance. **Tata Motors Grihini Social Welfare Society, which employs more than 1000 women, achieved a significant milestone by crossing a turnover of ₹ 13 crores**



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### **Environmental conservation**

Tata Motors' focus on environmental management helps preserve the long-term health of people and ecosystems and build strong relationships with local communities. Various initiatives have been undertaken within the broad frame of Environment and Climate Change to address the conservation of natural resources and energy, minimize waste generation, enhance recovery and recycling of material and develop eco-friendly process and systems. We have been continuously working towards reducing our various environmental footprints, which is evidenced by our decrease in specific consumption levels. **We recycle close to 69% of wood packaging, eliminating the use of fresh wood.** A 200 litre engine oil barrel can now be used to test 170 engines instead of 85 engines. At Jamshedpur and Lucknow, the wet garbage from our canteens is converted to usable organic manure to sustain greenery in the plants. We achieved annualized energy savings of 230,959 GJ through conservation initiatives across our operations. Similarly, **in last three years, we have reduced Green House Gas emissions by 22,581.62 tonnes of CO<sub>2</sub>** while total energy consumed per vehicle produced has also decreased.

### **Achievements**

- 'Golden Peacock Award for Corporate Social Responsibility' for 2011.
- Lucknow plant was conferred the 'Greentech Environment Silver Award' for Outstanding achievement in Environment Management' in the automobile sector for 2011.
- 'CII Award' for Corporate Sustainability Reporting.
- 'Hellen Keller Award' for CSR.
- 'Bombay Natural History Award' for Green Governance.
- 'Gold Award for Corporate Social Responsibility' at 51st Annual Awards Nite of the Association of Business Communicators of India (ABCI).
- Pantnagar Plant won 'CII - Environmental Best Practices Award 2012'.
- 'Certificate of Commendation for Significant Achievement' at the CII-ITC.

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## Conclusion

For bringing back and maintaining the general balance in the economic and social arena it is evident to think deeply and act wisely about CSR. Every business house owe some responsibility towards the society, nation and world in general which provide it with all human , material and natural resources. Considering the long run growth and sustainable development following the norms of CSR , devising new policies and effective implementation is inevitable to bring

and sustain a balance between corporate world and society, present generation and upcoming generation, man and nature .

As far as the Tata group is concerned , it has gone a long way in fulfilling its duty and responsibility towards the society and the nation. It has reached the masses to elevate their lives, to nurture their dreams and to hone their skills justifying the statement of the founder —We do not claim to be more unselfish, more generous and more philanthropic than other people. But we think we started on sound and straightforward business principles, considering the interests of the shareholder, our own, and the health and welfare of the employees, the sure foundation of our prosperity\|

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## Findings

- As business is an integral part of the social system it has to care for varied needs of the society
- Business which is resourceful has a special responsibility to the society.
- Social involvement of business would enhance a harmonious and healthy relationship between the society and business seeking mutual benefit for the both.
- Social involvement may create a better public image and goodwill for the company which further becomes instrumental in attracting customers, efficient personnel and investors.

### **Limitations**

While preparing this research paper Legal aspects like corporate governance , labor and employee welfare related laws have not been undertaken.

Significance of the study

#### **A. To the Policy Makers**

- This study encourages Private Public Partnership (PPP) for CSR promotion encompassing infrastructure, pollution, child labor, labor productivity & morale.
- It may become helpful to make the policy makers at political and corporate level as well consider CSR an investment and not an expense as it can become instrumental in increasing goodwill and corporate image.

#### **B. To the Society**

- Development of infrastructure i.e. parks, water purification, education etc.
- Environment protection
- Uplifting of the rural populace
- Bringing the tribes into the mainstream of the country

#### **C. To the Economy as a whole**

- Increase in the growth rate
- Strategic CSR at political and corporate level can make the country a better investment destination.
- Cumulative results may improve Human Development Index (H.D.I.) of the country.

### **References**

<http://www.bms.co.in/business-houses-of-india-the-tata-group/>

Website of Tata group of companies