

Corporate Social Responsibility: A Case Study of TATA Group (emphasizing on TATA Steel)

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Abstract

Successive generations of Tata Group leaders have always held the belief that no success in material terms is worthwhile unless it serves the interest of the nation and is achieved by fair and honest means. Conscious that the task of social progress, especially in a country as diverse as India, cannot be undertaken by the Government alone, J R D Tata the Chairman of the Tata Group from 1938 to 1991, believed that, "to create good working conditions, to pay the best wages to its employees and provide decent housing to its employees are not enough for the industry, the aim of an industry should be to discharge its overall social responsibilities to the community and the society at large, where industry is located." It was the first to establish labour welfare practices, even before these were made statutory laws across the world.

Keywords: CSR activities, TATA group, TATA Steel, Social Welfare

Introduction

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship or responsible business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism. With some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others. The term "corporate social responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed. While CSR benefits are hard to quantify, Orlitzky, Schmidt and Rynes found a correlation between social/environmental performance and financial performance.

Business dictionary defines CSR as "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship through their waste and pollution reduction processes, by contributing educational and social programs and by earning adequate returns on the employed resources." A broader definition expands from a focus on stakeholders to include philanthropy and volunteering.

Among other countries India has one of the oldest traditions of CSR. Ever since their inception, corporates like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few, have been involved in serving the community. Through donations and charity events, many other organizations have been doing their part for the society. The basic objective of CSR in these days is to maximize the company's overall impact on the society and

stakeholders. CSR policies, practices and programs are being comprehensively integrated by an increasing number of companies throughout their business operations and processes. A growing number of corporates feel that CSR is not just another form of indirect expense but is important for protecting the goodwill and reputation, defending attacks and increasing business competitiveness.

Reliance Industries and two Tata Group firms Tata Motors and Tata Steel are the country's most admired companies for their corporate social responsibility initiatives, according to a Nielsen survey released in May 2009. CSR has gone through many phases in India. The ability to make a significant difference in the society and improve the overall quality of life has clearly been proven by the corporates. Under the Companies Act, 2013, any company having a net worth of rupees 500 crore or more or a turnover of rupees 1,000 crore or more or a net profit of rupees 5 crore or more should mandatorily spend at least 2% of last 3 years average net profits on CSR activities as specified in Schedule VII of the Companies Act, 2013 and as amended from time to time. The rules came into effect from 1 April 2014.

SEBI, as per its notification on August 13, 2012, has mentioned that enterprises are accountable to the larger society and "adoption of responsible business practices in the interest of the social set-up and the environment are as vital as their financial and operational performance". SEBI has mandated the inclusion of Business Responsibility Reports as part of the annual reports of the Top 100 listed entities based on market capitalisation at BSE and NSE. These reports are to be made available on the websites of the companies.

CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. This paper is an attempt to document the concept of CSR at TATA Group emphasizing on the CSR activities undertaken at TATA Steel.

Research Objectives

The study was undertaken to fulfill the following objectives:

- To study the policies governing CSR in India
- To understand the concept of CSR at TATA group.
- To explore the different CSR activities undertaken by TATA group, emphasizing on TATA Steel

Literature Review

The following works relating to corporate social responsibility were reviewed during the course of work:

Corporate Social and Environmental Responsibility in India – Assessing the UN Global Compact's Role by Tatjana Chahoud, Johannes Emmerling, Dorothea Kolb, Iris Kubina, Gordon Repinski: In 2000, against the background of increasing demands for a more inclusive and sustainable global economy, UN Secretary-General Kofi Annan launched the UN Global

Compact (UNGC), the first Corporate Social Responsibility (CSR) initiative at global level. In the meantime, the UNGC has become the most prominent international CSR instrument based on legislative and voluntary approaches and structured as a multi-stakeholder network. While the UNGC is well established globally, its contribution to the strengthening of CSR at country level has yet to be assessed. As India is among those countries where not only is the UNGC highly appreciated by the large number of participating companies, but CSR already has a long tradition dating back to the 19th century, the present study seeks to analyse how and to what extent the Global Compact is shaping corporate social and environmental conduct in that country.

Corporate Social Responsibility - Key Issues And Debates by Ray Broomhill: Corporate Social Responsibility (CSR), a concept that has been around for well over 50 years, has become prominent again recently. Peter Utting (2005) notes that an increasing number of transnational corporations (TNCs) and large domestic companies, supported by business and industry associations, are adopting a variety of so-called voluntary CSR initiatives that incorporate, for example, 'codes of conduct; measures to improve environmental management systems and occupational health and safety; company 'triple bottom line' reporting on financial, social, and environmental aspects; participation in certification and labeling schemes; dialogue with stakeholders and partnerships with NGOs and UN agencies; and increased support for community development projects and programmes'. The revival of CSR is reflected also in its recent prominence in public debate. CSR has also generated a very extensive literature in recent times. For example, a search on Google Scholar for the phrase 'corporate social responsibility' produced 12,500 citations. A more general search of the internet on Google for the phrase 'corporate social responsibility' produced 12,900,000 results. A general search for the phrase 'corporate social responsibility' on Australian sites produced 97,800 hits. In Australia, two separate governmental inquiries were initiated into CSR in 2005 (Australian Government, Corporations and Markets Advisory Committee 2005; Australian Government, Parliamentary Joint Committee on Corporations and Financial Services 2006).

A Study of Corporate Social Responsibility in Indian Organization: An-Introspection by Rajeev Prabhakar and Ms. Sonam Mishra: India is a developing economy, here Corporate Social Responsibility (CSR) play important role in organizations. In Indian industry one can easily notice a paradigm shift from corporate philanthropist to being socially responsible. The importance of CSR is increasing in Indian corporate scenario because organization have realize that ultimate goal is not profit making beside this trust building is viable and assert able with societal relationship. The compulsion of CSR has emerged in last two decades when Indian organization realizes the importance of sustaining in this cutthroat competition era. Before this Indian industries had materialistic culture. In the hue and cry of LPG (Liberalization, Privatization and Globalization) companies were only focused toward profit maximization which led social backwash. To overcome this fashion CSR play an important role in sustainable development which is only possible when there is a balance between profit and lowering social backwash or eradicating it.

Research Methodology

The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles, company website and media reports. Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Keeping in view the set objectives, this research design was adopted to have greater accuracy and in depth analysis of the topic chosen for research study. The available secondary data through various sources was extensively used for the study.

Analysis

The Companies Act 2013: In India, the concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013. The CSR provisions within the Act is applicable to companies with an annual turnover of 1,000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of five crore INR and more. The new rules, which will be applicable from the fiscal year 2014-15 onwards, also require companies to set-up a CSR committee consisting of their board members, including at least one independent director.

The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry's draft rules, that have been put up for public comment, define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India. The Act lists out a set of activities eligible under CSR. Companies may implement these activities taking into account the local conditions after seeking board approval. The indicative activities which can be undertaken by a company under CSR have been specified under Schedule VII of the act.

Clause 135 of the Act lays down the guidelines to be followed by companies while developing their CSR program. The CSR committee will be responsible for preparing a detailed plan on CSR activities, including the expenditure, the type of activities, roles and responsibilities of various stakeholders and a monitoring mechanism for such activities. The CSR committee can also ensure that all the kinds of income accrued to the company by way of CSR activities should be credited back to the community or CSR corpus.

The new Act requires that the board of the company shall, after taking into account the recommendations made by the CSR committee, approve the CSR policy for the company and disclose its contents in their report and also publish the details on the company's official website, if any, in such manner as may be prescribed. If the company fails to spend the prescribed amount, the board, in its report, shall specify the reasons.

CSR at TATA Group: Conscious that the task of social progress in any country, cannot be undertaken by the Government alone, J R D Tata the Chairman of the Tata Group from 1938 to 1991, believed that, "to create good working conditions, to pay the best wages to its employees and provide decent housing to its employees are not enough for the industry, the aim of an industry should be to discharge its overall social responsibilities to the community and the

society at large, where industry is located." Guided by this mandate, Tata companies have for decades used its skills and resources, to the extent it can reasonably afford, to give back to the community a fair share of the product of its efforts.

Jamshedpur, in India, the Tata city, was built on the ideology that it would comprise not merely the Steel Works but embody a step towards building a new Nation. Development commenced in 1912 and within few years the area was transformed into a well-planned township, largely due to the vision of the Founder Jamsetji Tata, whose name it bears today. Roads (more than 500 kms), housing, parks, gardens, sports stadiums, recreational facilities, markets, healthcare facilities were developed, not only for the employees but for all the citizens of the bustling, vibrant township. Amongst the many other accolades that the city has received, it got its due recognition when it was chosen as one of the six model cities globally under the UN Global Compact program, a significant recognition of CSR of the Tata Group.

Tata was the first to establish labour welfare practices, even before these were made statutory laws across the world. In 1912 it invited Sidney and Beatrice Webb, the Founders of the London School of Economics, to prepare a Memorandum of Health for the Steel City, Jamshedpur in India. An eight-hour workday was also instituted in 1912, free medical aid in 1915, a Welfare Department in 1917, leave with pay, Workers Provident Fund and Workmen's Compensation in 1920 and Maternity Benefit for ladies in 1928.

Free medical services through Company-run hospitals are provided and educational facilities for the employees and their families are fully supported. Besides benefits such as the employee family benefit scheme, early separation scheme, housing, free water and medical services, subsidised electricity, housing, metro allowance, rewards and recognitions as well as special allowances are also provided. At the Tata Group sports, is a way of life. Tata has also encouraged sports in a very big way, providing infrastructure for various sports academies, building Olympic-standard stadiums, allocating resources to sustain these efforts, not limited to use only for its employees but for the communities in general. These efforts have not been in vain – many National champions, Asian medalists and Indian Olympians are products of these academies.

In general, about 66% of the profits of Tata Group go to charity and each Tata Group company channels more than 4 percent of its operating income to the trusts, every generation of Tata family members have left a larger portion of its profit to these trusts. It is using this systematic plough back of wealth to the society which has helped establish and finance numerous quality researches, educational and cultural institutes in India. The Tata Group was awarded the Carnegie Medal of Philanthropy in 2007 in recognition of the group's long history of philanthropic activities. Some of the institutes established by the Tata Group are Tata Institute of Fundamental Research, Tata Institute of Social Sciences, Indian Institute of Science, National Centre for Performing Arts, Tata Management Training Centre, Tata Memorial Hospital, Tata Football Academy, The JRD Tata Ecotechnology Centre, The Energy and Resources Institute (earlier known as Tata Energy and Research Institute) - which is a Non-profit organisation completely committed to the cause of research in the field of renewable energy. The Tata Group

has donated \$50 million to the prestigious Harvard Business School (HBS) to build an academic and a residential building on the institute's campus in Boston, Massachusetts.

Every year, June is observed as the Sustainability month by the Tata group. This year, the Tata Sustainability Month focused on Sustainable Meaningful Actions for a Responsible Tata (SMART) 21 Challenge, a theme inspired from a popular theory that it takes at least 21 days to form a habit.

TATA Steel: Tata Steel's vision is "to be a global benchmark in value creation and corporate citizenship". The company has always endeavoured to conduct its business responsibly, mindful of its social accountability, respecting applicable laws and with regard for human dignity. The company's long – term CSR objective is "to improve the quality of life of the communities we serve globally through long term value creation for all stakeholders", which is in alignment with the Tata Group Core Purpose.

Tata Steel's CSR is in alignment with the Tata Group focus initiatives (Skills, Water, Governance, Education) and it focus on four thrust areas – Education, Health, Livelihoods and Rural and Urban infrastructure. Besides, it also undertake interventions in the areas of sports, disaster relief, environment and ethnicity etc., all aimed at improving the quality of life of the communities. The Company's CSR revolve around six guiding principles – Impact, Partnerships, Affirmative Action, Volunteerism, Communication and Innovation.

Tata Steel has influenced the integration of tribals in the economy in a less obvious and immediate way by propping up the education of tribal children and youth of various ages and at various stages of their academic career. Infants and toddlers are prepared for formal schooling in the informally run balwadis (crèches/nurseries). The dropout rate of tribal students in schools and colleges has been checked with financial assistance and sponsorships. The TCS bears the entire expense of two tribal students who secure admissions for management education at the Tata Institute of Social Sciences. It also coaches students for entrance into administrative, technical and the public services. An unusual project called Sahyog, implemented in five schools, helps tribal students to develop self-esteem and plan their future. The Xavier Institute for Tribal Education near Jamshedpur has also been supported by Tata Steel to produce professionally trained personnel. As part of its Affirmative Action Policy, Tata Steel offers Jyoti Fellowship to meritorious students from economically backward Scheduled Caste and Scheduled Tribe families to enable them accomplish educational and career aspirations. Tata Steel's Tribal Cultural Society identifies deserving candidates from operational areas of the Company on the basis of merit test. Jyoti Fellowship is structured to cater to high school, intermediate, under-graduate and post-graduate students from the economically backward SC/ST families; the fund obligated by the Company has increased over the years. Jyoti Fellowship extends financial help to students from Kolhan region (East Singhbhum, West Singhbhum and Seraikela Kharsawan districts), Jamadoba and West Bokaro of Jharkhand; Jagdalpur block of Chhattisgarh; Sukinda, Bamnival, Joda, Gopalpur, Kalinganagar and Katamati of Odisha.

With a view to helping the tribal population preserve its rich inheritance, Tata Steel has set up the Tribal Culture Centre (TCC) at a cost of Rs 35,00,000. This Centre showcases the tribal legacy of four major and five minor tribes of Jharkhand and Orissa and evokes a lot of interest amidst scholars, researchers and even laypersons. TCC not only documents relevant research but also enables the continuation of the tradition by sharing it with the youth and non-tribals. Additionally, a Santhali Language Laboratory has also been initiated in the Centre since 2002-03. The centre was instrumental in reviving the now almost forgotten 'Kati' - a game played between two teams that attempt to score points by hitting the opponent's Kati - a semicircular piece of wood by a long wooden stick using their feet. Known to be a game that used to be played by youths in non agricultural season, it tests the team spirit, physical strength and concentration levels of the players.

Among the most active sponsors of the Lifeline Express – a hospital on wheels- Tata Steel has endeavored to take medical care far beyond those connected with its operations. This unique train travels at the behest of its sponsors to those parts of rural India, left untouched by modern medicine. At Jamshedpur, the Company runs a 850-bed general hospital with a specialised Burn Centre, Dispensaries and Super Dispensaries to reach out to its employees as well as a large number of citizens across the steel city. The network of specialised medical care units it has created also fulfills the need for low cost, high quality medical care for the economically less privileged. It established the Jamshedpur Blood Bank to provide safe blood to those in need and has very successfully promoted a culture of voluntary blood donations. At its out-locations the Company has set up hospitals, which cater to the healthcare needs of people from the surrounding rural areas. Through the efforts of the Tata Steel Rural Development Society (TSRDS) and the Tata Steel Family Initiatives Foundation (TSFIF), the Company covers the rural and peri-urban population through basic health care amenities. Both these social welfare arms of the Company have been building capacity through training programs to create community based health care partners as well as grass-root volunteers. The Company has successfully changed notions of millions of villagers on water and sanitation, created a demand for better health facilities, ensured immunisation for tens of thousands and been instrumental in bringing down infant mortality rates.

Ongoing Programs: Mother and Infant Survival Programme Population Stabilisation, Operation Muskaan for cleft lips and palates "YARS" - Youth and Adolescent Reproductive Services, Specifically targeted programs on HIV and AIDS, Project "WATSAN" for Water and Sanitation Free Health Checkups for Women at Surya Clinics.

The first corporation in the country to launch a family welfare program, Tata Steel has been promoting controlled family planning since the 1950s. Through the innovative use of communication media, motivational programs have extremely successfully broken the barriers of prejudice and myths to bring about the participation of communities, in even those which do not readily accept family planning.

The health and safety of the employees and the community is critically interlocked with productivity and is enshrined in Tata Steel's Vision. The Company has thus taken proactive steps in AIDS prevention by spreading awareness not only amongst its employees, but also the community at large so that the inhabitants of Jamshedpur and at other locations remain safe. Tata Steel has evolved a corporate sector model to prevent the spread of STD/HIV/AIDS, globally and nationally. This model is being shared through forums like ILO, Global Business Coalition on HIV/AIDS, Global Compact Initiatives, WHO-SE Asia Regional Office, NACO (National AIDS Control Organisation) and JAPC (Jharkhand AIDS Prevention Consortium) and more recently through Global Reporting Initiatives. This program extends to the rural and urban populace residing in and around Jamshedpur.

Tata Steel is a member the World Steel Association and a signatory of its Sustainability Charter. Tata Steel believes that environment management is integral to sustainable business. The company's commitment in this area can be further gauged from the fact, that Tata Steel is the first company in the country to be conferred ISO-14001 Certification for its main steel works and utility services in Jamshedpur All its mines and collieries are also ISO-14001 Certified for environmental management. Tata Steel's collieries and mines which support the 'Save Forests' campaign are a benchmark in environment management. Further augmenting its commitment in this field, Tata Steel, has planted 1.5 million surviving trees as a part of the "Green Millennium" campaign.

Tata Steel pays special attention to the sporting activities for youth at the State and National levels. Apart from academies in various fields of sports (Tata Football Academy, Tata Archery Academy and Tata Athletics Academy), the Company has also established the Tata Steel Adventure Foundation (TSAF), to induct people from all walks of life to the thrills and wonders of adventure sports, thereby developing a healthy rapport with environment and nature. Some of Tata Steel's sports infrastructure facilities -

- ✓ The JRD Tata Sports Complex in Jamshedpur is an international stadium with an 8-lane polyurethane track and football field. The complex also houses facilities for handball, tennis, volleyball, hockey, basketball, boxing, table tennis, swimming and a modern gymnasium.
- ✓ The Keenan Stadium in Jamshedpur, that hosts international cricket matches and provides accommodation facilities for visiting sportspeople.
- ✓ A stadium at Keonjhar has been set up to provide training infrastructure for sports lovers in Northern Odisha. The stadium is equipped with an indoor games hall, spectator galleries and a 400m running track.
- ✓ The 10,000-seat capacity Sumant Moolgaonkar Stadium in Jamshedpur hosts many national and state athletic meets.
- ✓ Feeder Centres at out-locations and in Kalinganagar mainstream sporting talent from rural and urban areas.
- ✓ Plans are in place for opening Excellence Centres in selected sports at various schools across areas of operation.

Conclusion

Corporate sustainability is an evolving process and not an end. The Companies bill is a good initiative on the part of the government however what would be included in spending on CSR is unclear and is left for the companies to decide. Across the globe, the concept of CSR has been accepted as an element for success and survival of business along with fulfilling social objectives. However, the challenge for the companies is to determine a strong and innovative CSR strategy which should deliver high performance in ethical, environmental and social areas and meet all the stakeholders' objectives.

CSR is not a charity or a mere donation. It is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that enhance their profits. They use CSR to integrate economic, environmental and social objectives with the Company's operations and growth.

A pioneer in adopting Sustainability as a Policy, Tata Steel is guided by the approach that wealth created must be continuously returned to society. The responsibility of combining the three elements of society - social, environmental and economic – is of utmost importance to the way of life at Tata Steel. It is the combination of these three elements that ensures that business is sustainable for all stakeholders. From the earliest days, Tata Steel has taken responsibility for the impact of its activities and led the way in employee welfare measures, social and community initiatives, and environment sustainability. In India, Tata Steel continues to concentrate on safety, corporate social responsibility and climate change initiatives through its various social arms. CSR lies at the heart of TATA Group as a whole.

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