



CORPORATE SOCIAL RESPONSIBILITY: A CASE STUDY OF TATA MOTORS

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Abstract

Beginning from the times of trade system to today's contemporary age of plastic money, the mankind has compressed a curiously long path. "Profitability" has always been the driving force and an undercurrent behind all this development; but as every coin have two sides; growing competition and business struggles in the competitive world started taking heavy toll on the excellence, transparency, environment and the society in general threatening the diplomatic existence of business and society. The industry firms started realizing that they would have to rise over and above the cost-effectiveness and take care of all those interrelated with their endurance in the culture directly or indirectly for the success of the organization. This responsiveness affected into the tacit of Corporate Social Responsibility (CSR). This research paper allocates the accepting of the corporate social responsibility (CSR), exploring into its concept and discovering out its scope taking the case study of the TATA Motors Tata group has shown the intellect of accountability in the direction of the upliftment of mutual commonalities and shield of the environment and progress of the country.

Key words: Corporate social responsibility, social performance, profitability, society, employees.

1.1 Literature Review

The concept of CSR originated in the 1950's in the USA but it became prevalent in early 1970s. In today's global society there is growing and heightened concern for Corporate Social Responsibility (CSR) primarily because of the growing influence of multinationals over the world economy and the heightened publicity it

attracts from the media. The growing pressure of media sees any mistakes by companies and is brought immediately to the attention of the public. Furthermore, Internet communication among like-minded consumers and groups empowering them to spread their message, and giving them means to coordinate collective action i.e. refuse a product offering. The growing concern for CSR, coupled with the growing importance of brand and brand value to corporate success produce's a shift in the relationship between corporation and consumer, in particular, and between corporation and all other stakeholder groups in general. The stakeholders associated with the organization get influenced with both the positive and negative news relating to the company and its operations. Therefore, it is integral for the companies not only to develop and improve their core production processes but also focus on social issues that reflects company's attitude towards its stake holders. From a company's point of view, market parameters within which companies are to operate have been broadened and extended. The relationship between consumer and company has changed dramatically (Carroll, 1998). CSR is particularly important within a globalizing world because of the way brands are built, largely on perceptions, ideals and concepts that usually appeal to higher values. CSR is a means of matching corporate business with stakeholder values and demands at a time when such values and demands are on the move.

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 fulfills 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).

Purpose

To understand the concept and scope of corporate social responsibility and getting an insight in CSR practices in the light of the case study of the TATA Group. India, in the last five years, has seen a pour and phenomenal growth in various businesses; thus, CSR has a long way to travel. The onset of globalization and liberalization of the Indian economy over that of the last two decades has resulted in the shift of the corporate goals from socio-economic focus towards increasing shareholders value to the welfare of various stakeholders. A detailed analysis of Indian CSR along with its relevance within the business arena leaves us with some important points to discuss. Thus, it is the requirement of today to judge this heated relationship in the Indian context with association to socially responsible initiatives undertaken by Tata Group.(Castelo Branco, M., & Lima Rodrigues, L., 2007).

The new Companies Act, 2013, has made it mandatory for companies to be socially

responsible by introducing the '**corporate social responsibility**' (CSR) regime. Section 135 of the new Companies Act, read with the CSR Rules, mandates companies meeting certain criteria to set aside two per cent of their net profits for undertaking and promoting socially beneficial activities and projects in India. The Ministry of Corporate Affairs (MCA) recently issued the CSR Rules, 2014, to implement this legislative mandate, which comes into effect on April 1, 2014.

Every company with a net worth of at least Rs 500 crore, or a minimum turnover of Rs 1,000 crore, or a minimum net profit of Rs 5 crore, is obligated to constitute a CSR committee dedicated to undertake a mixed spectrum of initiatives, such as promoting education, gender equality, women's empowerment, improving maternal health, or ensuring environmental sustainability. The company's net profit would, however, exclude any profit from its overseas branches or companies, and would also exclude any dividend received from other companies in India. The law does not treat foreign companies differently, and includes foreign companies doing business in India, whether by themselves, or through an agent or even electronically. (Carroll, A. B., 1991).

Study Objectives

To focus the significant CRS inputs and their influences

Research Methodology: - Exploratory approach based on survey of literature and *experience survey* and case of Tata Groups. Under this case approach, 37 senior technical officers having 15+ years of experience are contacted from Tata Motors to get their perception over duly identified parameters under five point Likert scale based on average weighted value (awv)

II. Concentric Circle & CSR

In 1971, the Committee for Economic Development issued a report throwing light on different dimensions of responsibilities to be fulfilled by the corporate. The responsibilities of corporations are described consisting of three concentric circles existed in Tata Motors. **(a) Inner Circle:** Clear cut, basic responsibilities for the efficient execution of the economic function, products, jobs and economic growth. **(b) Intermediate Circle:** Encompasses responsibility to exercise this economic function

with a sensitive awareness of changing social values and priorities. Eg. With respect to environmental conservation, hiring and relations with employees, expectation of customers for information, safety factors, etc. (c) **The Outer Circle:** Newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment. (Ahire, S.L., D.Y. Golhar and M.A. Waller, .1996).

III. Social Responsibility as Identified by the core group managers in Tata Motors

The Table below unveils that here are five identified factors of social responsibilities which are duly identified by Tata Motors Core Managerial Group. The expectation of the managerial core group is that this should exist 100% in their organization and they claim that they are near to that.

In order test their validity, the exercise is made as under to measure in awv the existence of CSR five parameters in the above in the organization from the perception of sampled technical officers (n=37).The awv is based on five point Likert scale where “nil” existence bears 1 numerical weightage while “Full existence” i.e. 100% bears 5 numerical weightage and any number between 1 and 5 unveils the level of weightage

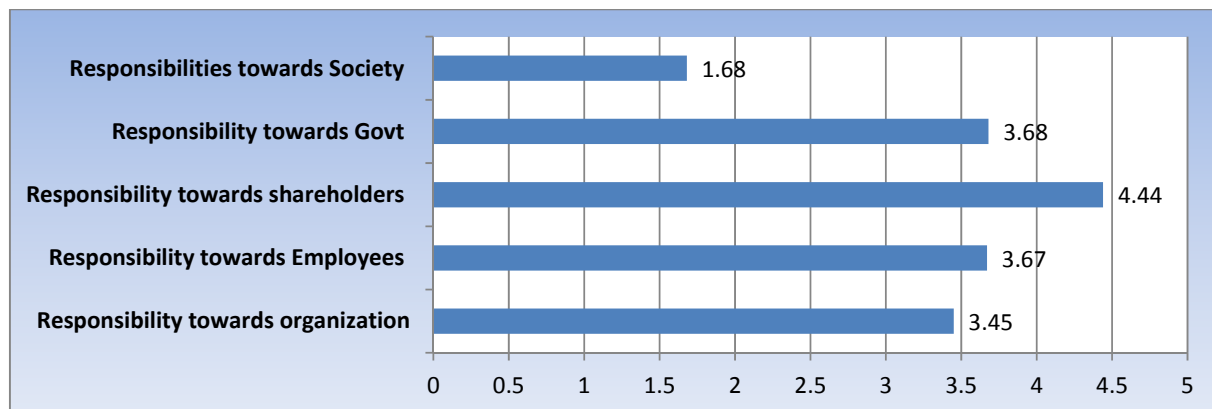
It is seen that the sampled officers from Tata Motors given different levels of perception over the existence of CSR parameters. All such perception levels numerically measured and tabulated in the following table and are represented in graph for convenient understanding of the readers.

Perceived awv over CSR Parameters by sampled officers in Tata Motors (n=37)

Sr.No	Parameters of CSR	awv
1	Responsibility towards organization	3.45
2	Responsibility towards Employees	3.67
3	Responsibility towards shareholders	4.44
4	Responsibility towards Govt	3.68
5	Responsibilities towards Society	1.68
	• Mean	3.38
	• Mean % to bench mark 5	67.60
	• SD	1.023782
	• Kurtosis	3.024381
	• Skewness	-1.44469
	• Range	2.76

Source: - field study

Graph No-1 Perceived awv over CSR Parameters by sampled officers in Tata Motors (n=37)



The table shows that perceived mean value in terms of awv by the sampled technical officers stands 3.38 with sd 1.023782 in the range of 2.76

The same mean (i.e 3.38) is 67.60% of bench mark “5” It divulges that accomplishment of CSR by the core group is 32.40% (100-67.60)

away from the targeted or claimed. The following text explains the five parameters of CSR that exists to persists at different levels in Tata Motors (Advantage, S. T. C., Borgonovi, V., Meier, S., Sharda, M., &Vaidyanathan, L. ,2011).

a) Responsibility towards Organization

It is the responsibility of Tata Motors to run its business and to work towards its growth, expansion and stability and thus eke profits. If the corporation is to achieve social and economic ends, organizational efficiency should be boosted up.

b) Responsibility towards Employees

Employees are the most important part of an organization. Following are some of the responsibilities which a business entity has towards its employees-

- Timely payment
- Hygienic environment
- Good and impartial behaviour
- Health care through yoga
- Recreational activities
- Encouraging them to take part in managerial decisions (Albareda, L ,2008).

c) Responsibility towards shareholders

It is the responsibility of corporate entity to safeguard the shareholders' investment and make efforts to provide a reasonable return on their investment.

d) Responsibility towards Govt

Out of the 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.

e) Responsibility towards society

The Company should maintain high quality standards at reasonable prices. It should not resort to malpractices such as hoarding and black-marketing. It is the responsibility of the organization to contribute to the protection of environment. It should produce eco -friendly products. Moreover, industrial waste management must be taken care of. (Abrahamson, E. (1991).

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