



CORPORATE SOCIAL RESPONSIBILITY – A CASE STUDY OF TATA MOTORS

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Abstract

Tata Motors formerly known as TELCO (Tata Engineering and Locomotive Company) is an Indian multinational automotive manufacturing company established in 1945 by Tata group. Tata Motors is India's largest automobile company. Different Tata companies have been actively involved in various social activities and Tata Motors is doing social work since its existence. Corporate Social Responsibility is becoming an important activity to businesses nationally and internationally. In the light of this background, the objective of the study is to analyse the Corporate Social Responsibility activities performed by Tata Motors from 2009 to 2015 towards activity as specified in Schedule VII to the 2013 Act.

Key words: Corporate social responsibility, rural areas, Tata, Tata Motors

Introduction

The globalization of the economy and the emergence of a boundary-less environment, make such a phenomenon even more dramatic. Companies are more and more scrutinized and put under pressure by consumers associations and political lobbies (Ramesh & Goel, 2012). The main motive of CSR is to define a social contract to maximize the welfare of all the concerned parties. Welfare maximization should be considered as both short term and long term, in order to meet present expectations and needs without endangering the opportunities and the resources of the coming generations (Ramesh & Goel, 2012). The stakeholders of the organization contribute to firm's activities, and have a stake in

the firm and are affected by the firm's decisions. The shareholders being one of the constituencies of stakeholders should actively participate in the decision making process of implementing CSR programs, while the firm should ensure the continuity of their contribution through commitment to pay dividends and increase share value (Ramesh & Goel, 2012).

One of the areas of Corporate Social Responsibility research which remain untouched in the competitive country like India is the role of CSR in family operated business. Large numbers of companies are running business these days but very small numbers of companies are spending amount on CSR activities in education. Tata Group is among the best companies in India. The Tata group is operated by Tata family since its establishment.

The history of Tata group springs from a small trading company established in 1868. Since then, the business has evolved into a well-established company with a wide distribution network and wholesale operations. He was the only son of Nusserwanji Tata, a Parsi family of the close-knit Zoroastrian community. He was working in his father's banking firm and established a trading company. In 1887 Jamsetji Tata formed a partnership firm, Tata & Sons with cousin Ratanji Dadabhoy Tata and his elder son Sir Dorabji Tata, Rattan Tata, this was the start of the core business. This start-up could be described as entrepreneurship, changed to partnership and become family links between the brothers and son played a considerable role in the start-up. Tata Motors was started by Tata group in 1945 by this group.

This study deal with the areas in which the CSR work has been done by Tata Motors company.

The areas of CSR activities given in the schedule VII of the companies Act 2013 is taken as a base to undertake the study. These areas include poverty & hunger eradication, education, women empowerment, child mortality, health, environmental sustainability, vocational skills, social projects, contribution to funds and others. The study is done year wise from 2009 to 2015. Each year of study is taken in tabular form to bring a more reliable result out of it. For the purposes of this item, the term slum area shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

Review of Literature

Ranganathan (2003) attempted to describe CSR practices in Tata group. It also reiterated need for replication of the Tata model on holistic development through CSR from its inception to till date. The study discussed the people who led their visionary leadership spearheaded the Tata group and the core values of the Tata Group which was to improve the quality of life of the communities it served and Social Initiatives of the Tata Group. The study discussed the Tata Index for sustainable human development prepared by TCCI to benchmark the contributions of Tata companies towards social development and protection of the environment. The study also reiterated need for replication of the Tata Model on holistic development through CSR. It was concluded that Tata group was performing CSR activities not for propaganda or visibility but they were doing it wilfully.

Prema & Singla (2003) highlighted the lessons from India which were relevant to businesses seek endorsement as good corporate citizens through corporate social responsibility initiatives. The researchers saw repercussions in various companies of the world out of which India had also seen some repercussions. In India, it was traditionally linked to spirituality while respect in the corporate world was treated on a par with the bottom line. The research inferred that the CEO's reputation was a key factor in a company's reputation. Respect was considered an intrinsic part of Indian culture. The study also discussed the criteria for ranking India's most respected companies and corporate social

responsibilities programmes performed by various companies like Tata group of companies extended a wide spectrum including rural development, community development and social welfare, family initiatives, tribal development and water management. The study analysed the different drivers of CSR by using a comparative diagram and analysed the areas of CSR addressed in corporate policies of companies.

Zhang (2008) gave an overview of the issues surrounding CSR that should be kept in mind while discussing the emerging markets. The study was to frame the background of CSR in emerging markets, inform the actual seminars and prepare points for debate throughout the course of the project and to find this the project with Foreign Policy Centre in association with Coca-Cola Great Britain was launched. The study examined the impact of MNCs' businesses on the workplace, the marketplace, and the environment, and explored how well-designed CSR practices could contribute to economic, social, and environmental progress in emerging economies. In case of workplace, the study undertook Nike, Coca - Cola Company. However, in marketplace an example of HLL and Unilever and Vodafone was considered and in case of environment, Atlantic operating in aviation and general motors a leading company in automobile industry was considered.

Tomar & Gupta (2008) examined the way, reasons and to what extent corporate social responsibility was being implemented in leading family owned businesses in India. The study aimed to develop a framework that integrated the intention and the concern of an organization towards corporate social responsibility and the degree to which these activities were operational. The study addressed the two key challenges in social responsibility management i.e. firstly how to measure corporate social performance and secondly what capabilities an organization should have to be socially responsible. The research found the impact of the philosophy of Tata family on CSR policies and practices of TISCO. Tata Steel provided many examples of how business-community relations were approached by the private sector in India in the present time. Tata Steel also commenced

employee volunteering whereby employees were not only made aware and communicated properly but also participated actively in CSR activities.

Norhayah, Haslida, Zakiah & Dalilawati (2009) tried to explore CSR in family business in Malaysia, in terms of firm practices towards CSR and disclosures of information related to CSR. The research explored the approach of the family businesses in responding towards CSR. The study presented the first phase of the research, which included CSR initiatives and activities of the family businesses. A multiple-case study consisting of five Malaysian family businesses those topped on board of listed companies in 2009 was conducted in Malaysia. Of the five companies, one company engaged in commercial and retail banking and its related subsidiaries; two companies involved in plantation, one company was into investment holding and management while the fifth company engaged in power investments and energy market. Only one company was chaired by Malaysia while the other companies were chaired by Chinese. The study provided the information on the current practices of family businesses in Malaysia towards CSR. The findings had some policy implications on disclosure requirements related to disclosure of CSR and on drafting incentives from government and its institutions to promote greater CSR amongst family businesses and provided a basis for further suggestion on how companies could contribute to the society and environment through CSR.

Gjolberg (2009) explored the relative importance of global forces and national political economic institutions for companies' willingness and ability to engage in corporate social responsibility. The globalist hypothesis postulated that a company's CSR efforts were a function of the dictates of the global market place: strong anti-globalization and anti-corporate sentiments generated a need for a positive reputation to obtain a 'social license to operate'. The institutionalist hypothesis postulated that a company's CSR efforts were a function of institutional factors in the national political-economic system: companies based in political economic systems with strong institutions for social embedding of the economy had comparative institutional advantages for success in CSR. The study concluded that CSR

could be understood in isolation from contextual factors. The ensuing comparative analysis based on QCA gave a concise illustration of the importance of context when trying to capture the mechanisms behind a company's CSR engagement. The study suggested that CSR strategies could not necessarily be transferred successfully from one company to another irrespective of context.

Jedrzej & Frynas (2009) analysed CSR's potential and limitations for contributing towards wider societal challenges. The article investigated the key areas of CSR policies where oil companies were expected to make a positive contribution, improvements in environmental performance, development and governance. It was the culmination of more than 10 years of researching the oil and gas sector and the author had 100s of conversations with oil company staff, civil society advocates, government officials, consultants, development specialists, journalists and local people around these issues. In addition to interviews with oil company staff and insiders, the findings were based on the analysis of 20 social and environmental reports of selected oil and gas companies. The evidence suggested that CSR had the greatest potential for addressing environmental challenges. Corporate reporting on the environment was steadily improving, new environmentally friendly technologies were being developed and tangible improvements were being made by some companies. The limitations of CSR did not imply that oil companies should do nothing about societal issues. Firms were pressured to engage with the social and environmental aspects of their operations and they might benefit from the opportunities that CSR offers.

Reinhardt & Stavins (2010) examined the concept of firms sacrificing profits in the social interest within the environmental realm, with particular focus on the case of the United States. Their starting point for examining the first question was the prevailing view among economists and business scholars that corporate directors had a fiduciary duty to maximize profits for shareholders. US corporate law was consistent with the shareholder primacy model, but as long as managers claimed some plausible connection to future profitability, the business judgement rule granted them the way to commit corporate resources to projects that benefit the

public. The process of economic survival of the fittest suggested that firms which engaged in unsustainable CSR found themselves being pushed out of business. The study revealed that the firms that engaged in CSR were often active in markets that were imperfect or distorted by government intervention, so that they were protected from Friedman's evolutionary imperatives. Secondly, principal-agent problems led managers to make decisions that committed the firm to short-term CSR actions, even if those activities would not be continued in the long run. The study suggested that most firms view socially responsible actions in the same way that they viewed more traditional business activities. Instead of altruistically sacrificing profits, they engaged in a more limited but more profitable set of socially beneficial activities that contributed to their financial goals.

3.1 Importance of the study

It is apparent from the literature that CSR plays an indispensable role in the development of a country. The study endeavoured to study the work done by Tata Motors. CSR came into light in India with the coming up of voluntary guidelines on CSR in 2009, voluntary guidelines on CSR got revised in 2011 and later on became an Act known as Companies Act 2013. The Companies Act, 2013 introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is bolstering greater transparency and disclosure. Ministry of Corporate Affairs had notified Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014(CRS Rules) which has come into effect from 1 April 2014. The present research is exploratory in nature and will explore the possibilities of social responsibility done by Tata Motors. A plethora of empirical studies have been conducted in India on CSR but no proper research has been undertaken to examine the CSR activities performed by the family run business of Tata Group. Thus, the present study has been undertaken to fill the gap.

Scope of the study

The study is based on secondary data which was extracted from various published sources like annual reports, sustainability report various business magazines, journals newspapers & other relevant private and public publications. The values of variables considered for the study were taken as the values that existed as on 31st March every year during a period 2009-2015. The sample size of the study is restricted to Tata Motors and was selected as per non-probabilistic convenience sampling.

Limitations of the Study

1. The CSR activities towards other important internal stakeholders such as investors have not been covered. Some external stakeholders such as civil society groups, other companies are also not part of the study.
2. The activities performed once are sometimes not repeated next year which result in demoralization of the beneficiaries who are working for these activities or one getting benefit of these activities.
3. One of the major limitations of the study was the paucity of time and financial resources.
4. As the study was conducted on a single firm ie the Tata motors thus the results could not be generalized to other groups and remained limited to the study only.
5. The study included a small number of statistical observations and various other variables were left for future research.
6. The study covered the time period 2009-2010 to 2014-15, thus period prior to 2009 and future period was ignored.
7. The study focused on the level of CSR with respect to stakeholders as a whole but CSR towards individual stakeholder was not the part of study.
8. The reliability of the CSR data is also an important issue, as data from different sources have significant differences regarding how to evaluate the CSR performance of a firm.

Results and Discussions

Areas	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Poverty & hunger eradication	training in farm development, irrigation facility	irrigation facility	Milk Collection System	Land levelling		
Education	Teacher training, Co-curricular activities, Scholarship, desks and benches made from packing wood distributed, school ground	Scholarships	mobile science lab, students drop-in centres, school building renovated students, providing desks & benches	e-learning programs, creative materials, scholarships, coaching classes, facility up gradation, Teacher training	collaboration with schools	Coaching of IIT-JEE, financial help to student, coaching of student, scholarship to students, special coaching, infrastructure in school, cocurricular activity
Women Empowerment	Women training	women SHGs formed	Mahila Sharan	opportunity for rural women		
Child Mortality	snacks to tribal children, malnutrition prevention	Health check-ups	health services to malnourished, Food, medical, children immunized, malnourished children checkup camp	Parivar Kalyan Sansthan, Malnutrition prevention		Child malnutrition
Health	Mobile health, awareness camp, men health care, eye operation, Health Care, sanitation toilet, drinking water	health check-ups, Sanitation, Anaemia treatment	patients treated, community health care services, Health check-up, Health awareness programs Anaemia treatment to women, Eye-camp program, Malaria prevention program, Children with special abilities, blood donation camp, drinking water solution	JANEEV Program, health care, health check-ups, health awareness, eye-camp		drinking water project, Health awareness females, Preventative health services

Environmental Sustainability	installed smokeless chullas, trees planted, people sensitized on environment issues	rainwater harvesting, trees planted	environment protection plan, infiltration well created	biogas unit installed, zero waste discharge plants, tree plantation, environment conservation	trees planted	Awareness to student, Solar lamp, Tree plantation
Vocational skills	trained wireman plumbing, girls training, Driving training, Technical and vocational training	workshop to teachers, volunteers, Vehicle training, employment training, Technical and vocational training	computer skill training	students training, Industrial training centres	Technical training to youth	Signed MOU for employment and training, Driver training, training non auto trade, agriculture Training
Social Projects	waste collection cart	Renovation of Primary School	inter-farm roads, farmers, Driving Training Sanitation Drive Safe drinking water Toilet	Driver training, sanitation drive, safe drinking water, training & support of entrepreneurs	Provided relief material, packing wood for underprivileged people	
Contribution to Funds	Donated one day salary					

2009-10

If we see the poverty and hunger eradication Tata Motors had focused on agriculture in different ways like training in farm. In case of education, company provided teacher training, co-curricular activities, scholarship, prepared school ground and 3000 desks and 730 benches made from packing wood in 20 schools. In women empowerment, Tata Motors provided training to women. In case of child mortality, they provided snacks to tribal children for the prevention of malnutrition prevention. In case of health, company provided mobile health care, awareness camp, men health care, eye operation, toilet and portable drinking water. In environmental sustainability, Tata Motors installed 200 smokeless chullas, planted trees and sensitized people on environment issues. In vocational skills, Tata Motors provided training in wireman, plumbing, driving and girls in computers. In social projects they provided waste collection cart. Tata Motors contributed to employees by

donating one day salary to the victims of tsunami, 26/11 terror attack and flood.

2010-11

To remove poverty & hunger eradication, Tata Motors provided irrigational facility to 2000 families and contributed in development of 441.5 acres of land. In the field of education, Tata Motors provided scholarship to 278 students. To empower women Tata Motors found 150 women's SHG. In case of child mortality health check up camp were organized in 2390 schools by Tata motors. In environment sustainability, Tata Motors established 200 rain water harvest locations and planted 100000 trees. Tata Motors provided vocational skills by organising half day workshop for teachers by 50 volunteers, vehicle training to 170 and trained 1467 persons, 354 sc students trained for employment, 7000 benefitted through technical and vocational training. In social projects company renovated primary school.

Tata Motors had not provided any information regarding contribution to funds.

2011-12

To remove poverty & hunger eradication Tata Motors started milk collection system in which 15 youth were engaged. In education, Tata Motors organized 14 drop-in centres in which 139 students of villages participated, benefitted 3700 students by renovating school building, provided desks, benches for 1,700 students, mobile science lab for 1,500 students. To empower women Tata Motors provided training to 465 women and mahila sharan to 200 women. To reduce child mortality, company provided health services to 100 malnourished children, food and medicine to 300 children, immunization to 6800, malnourishment benefit for 576 children and checkup camp for 723 children. In health Tata Motors treated 3800 patients, 72874 treated through community health care services, health check-ups in 5431 schools, health awareness programs in 10557, 972 women given anaemia treatment, 5242 treated through eye-camp program, 1659 prevented through malaria prevention program. Tata Motors helped children with special abilities, organized blood donation camp and established 13 drinking water solutions. Tata Steel treated 150 patients under operation smile, primary health service to 289517 persons, HIV/AIDS Awareness to 310000 persons, family planning services to 7198, khushi clinic medical check up of 4864 patients, mobile medical units benefitted, outdoor and indoor patients treated and awared HIV. In case of environmental sustainability company benefitted 10000 people by creating infiltration wells and environment protection plan. In vocational skills, Tata Motors provided computer skill training to 35 persons. In social projects, Tata Motors constructed inter-farm roads benefitting 1875 farmers, driving training to 4880, benefitted 4098 through sanitation drive, safe drinking water to 32889 and provided toilets to 4098.

2012-13

To reduce poverty & hunger eradication Tata Motors levelled 3809 acres of land. In education, Tata Motors provided e-learning programs which helped 5739 persons, more than 22,000 school children, provided creative material to 295 children, organized various

events for 6276 persons, SC/ST scholarships provided to 971 students, coaching classes for 3350, infrastructure and facility up-gradation for 15597 people and teacher training to 374 teachers. In women empowerment, Tata Motors provided opportunity for 912 rural women. To reduce child mortality Tata Motors organized parivar kalyan sansthan in which 400 participated, 317 prevented through malnutrition prevention drive. In health, Tata Motors janeev program benefitted 157 people, community health care services helped 84243 people, 2595 benefitted through health check-ups in schools, 10214 benefitted through health awareness programs, 2758 benefitted through eye camp, 165000 helped through a survey for leprosy detection. Tata Motors installed 5 biogas units in 2 villages, zero waste discharge plants, planted 233760 trees in 245 acres, awareness on environment conservation to 150 students in environmental Sustainability area. In Vocational skills, Tata Motors provided students training and Industrial Training Centre. Tata motors provided driver training, sanitation drive, safe drinking water and training & support of entrepreneurs in social projects.

2013-14

No contribution of Tata Motors is found in poverty & hunger eradication, women empowerment field, child mortality and health. In education, Tata Motors collaborated with schools to promote learning which led to participation of more than 328000 students in UK. In environmental sustainability company planted 164000 trees. In vocational skills, Tata Motors trained 125 enrolled apprentices in imperial technical training and trained 12 local youth. In social projects, Tata Motors provided relief material to 500 families and used packing wood of the vehicle used underprivileged people. Tata Motors didn't show any contribution to Funds.

2014-15

Tata Motors had not provided any contribution in poverty reduction & hunger eradication, social projects and women empowerment. In education, they provided coaching of IIT-JEE, financial help to IIT student, coaching of X student in 146 schools of Mumbai, scholarship to 1502 students, special coaching to 24784, infrastructure in 12175 school and co-

curricular activities for 8314 students. Tata Motors addressed 1102 cases of child malnutrition to reduce problem in small children. Tata Motors provided 330 drinking water projects including 34 new project for 96200 persons, health awareness to 9385 females and preventative health services to 98083 persons. Tata Motors provided environmental awareness to 15263 students, solar lamp for 8500 students and planted 85140 saplings. Tata Motors provided vocational skills by signing a MOU with director general of employment and training, driver training to 22171, motor mechanic vehicle training to 754, training of non auto trade to 1410, training agriculture and allied trades to 1837 persons.

Findings and suggestions of the Study

Many activities for instance tree plantation drives, philanthropic activities and charitable donations to CSR which exhibits that they understand CSR and follow guidelines as laid down by Companies Act, 2013 prior to their implementation by government.

In certain cases, some CSR initiative has been extremely successful, especially in the spread of computer education programs, providing livelihood for the differently able persons etc.

The contribution in Poverty & hunger eradication and women empowerment has reduced with the passage of time and no contribution is seen in last two years.

Very little work is seen in contribution to funds area by Tata Motors as only in 2009-10 work done is seen.

CSR work done under each is not constant or same every year. The activity goes on changing year wise.

It has been observed that startups or new companies to be started should be of social nature to the society and business nature to the company like hospitals and educational institutes. This will be helpful in fulfilling the social and commercial objectives.

Conclusion and Future Research Perspectives

The study concluded that Tata Motors is doing commendable work in different sectors as these are notified by government in 2013 but the company is performing these activities prior to government notification. The study found the different type of work done by company and the benefits provided to the society. Company has

done work in different nature and in different areas which has led to the benefit of people of different areas and in different sense. In general the CSR policies of Tata Motors cover the general topics mentioned in the CSR frame of reference, i.e. labour, environment and more economic related issues. A comparison between the CSR frame of reference and the practice of Tata Motors in India shows a small gap between them as the comparative table has shown that almost every variable in the sample companies is covered. Study has showed large number of people benefitted by these work in this study. Future study can be performed by analyzing the amount of fund spend by Tata Motors in these areas.

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