



Understanding Corporate Social Responsibility in Tata Motors Limited: Implications for the Sustainability in Automobile Industry.

Neeharika

Research Scholar

Department of Commerce

Deen Dayal Upadhyaya Gorakhpur University, Gorakhpur

Abstract:

This paper sheds new light on the role of tata motors in contributing to sustainability objectives, and how governance actors can better encourage their contributions. Businesses nowadays face unprecedented pressures from stakeholder groups to become more transparent by issuing comprehensive reports describing their environmental, social and governance (ESG)-related activities, strategies and policies. This paper's primary motivation is to understand which ESG disclosure factors are relevant in tata motors. To achieve the above-stated goal, the total ESG disclosure index, consisting of further subindexes was constructed and analysed. This study found that revenue, number of employees and profitability positively influenced the total ESG disclosures. On the level of the three ESG components, this study found that revenue positively impacted environmental and governance disclosures. Moreover, profitability affected social and governance disclosures positively for this large company. This paper extends academic literature on ESG disclosures by verifying the significance of firm-level factors in the context of tata motors and realities before the adoption and transposition of the Corporate Sustainability Reporting Directive. More specifically, this study has investigated the ESG reporting together and separately for ESG factors.

Keywords: Corporate Social Responsibility, responsible behavior, sustainable policies, environmental ethos, Vidyadhanam, Amrutdhara, Kaushalya, Grihini Welfare, Vasundhara. ESG.

1-Introduction:

In a recent development, though the concept existed for centuries as philanthropy, the phrase Corporate Social Responsibility (CSR) was introduced by William J. Bowen in 1953. Corporate social responsibility is also referred as corporate conscience, corporate citizenship, social performance, sustainable responsible business/responsible business and so on by the scholars and business leaders. CSR is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its positive activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as the stakeholders. For some, CSR is a matter of ethics and for others, it is necessary for brand building and beneficial for the company. No matter how the companies approach the concept, the society, environment and individuals are benefitted with the socially responsible behavior of companies all over the world. Dow Votaw in his famous article on corporate social responsibility in 1973 tries to define the term as follows:

The term is a brilliant one; it means something, but not always the same thing, to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in an ethical sense; to still others the meaning transmitted is that of 'responsible for' in a causal mode; many simply equate it with 'charitable contributions'; some take it to mean socially 'conscious' or 'aware'; many of those who embrace it most fervently see it as mere synonym for 'legitimacy', in the context of 'belonging' or being proper or valid; a few see it as a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizens at large. (Preston, 434-453)

Since its coinage, the term Corporate Social Responsibility has become more and more important and especially after 1990s a game changer in the field of business. United Nations launched Global Compact in 2000 and this made CSR a significant issue in the contemporary business management and politics and it has also encouraged businesses all over the world to formulate and adopt socially responsible and sustainable policies. So, to understand it in other words it could be said that CSR is the concept which helps firms to integrate environmental and social concerns in their business endeavors. As a concept and phenomenon, CSR has a history as old as that of firms and is deeply rooted in the benevolent behavior of owners of the firms who contributed in growing social assets such as schools, universities, libraries and so on. The great economist and philosopher of eighteenth-century Adam Smith introduced the classical economic model of business which primarily focused on the desires and needs of society which could better be fulfilled by better interaction of organizations and individuals. His book *Wealth of Nations* (1776) cleared the ground for free markets and a better division of labor. Moreover, it also emphasized on establishing a strong bond between individuals and business organizations with the help of activities of social relevance undertaken by firms. The next century brought radical changes with its industrial revolution, technological advancement, scientific advancement and almost forgot the principles of socially responsible business laid by Smith. This resulted in the emergence of large business organizations and

firms. The owners of these firms, due to the accumulation of large amount of wealth, suddenly became most powerful people on the globe. This changed scenario put the responsibility of social welfare on the shoulders of governments which started limiting the powers of business organizations by trying to bring them under public control. However, it does not mean that the socially responsible business houses completely disappeared in twentieth century and industrialists like Bill Gates, George Soros and Ted Turner in United States and Tatas, Azim Premji and many others in India continued their pursuits of helping society and individuals in various ways.

2-Review of literature:

The concept of CSR has been widely used and applied by both researchers and corporate managers starting from the seminal four-part definition developed by Carroll (1979, 2016). Companies in developed countries are mostly influenced by shareholders, regulators, investors and environmental activists in terms of sustainability disclosure (Jamali and Karam, 2016). From the aspect of human rights, firms in developing countries tend to have negative attitudes toward establishing corporate codes of conduct as a management instrument to promote basic rights, especially when legal standards are not sufficient (Hahn, 2011). As a result, various research (Bocquet et al., 2017) have established the significance of innovation in CSR and organizational performance, resulting in the emergence of new paradigms that have a good impact on binomial profitability and environmental sustainability. Green innovation is one of these new paradigms, which recognizes that innovative ideas can lessen the influence of a company's activities on the environment (Chen, 2008).

3-Objective of the Study:

The objective of this research paper is to know and analyze various CSR initiatives taken by Tata Motors in many years. The study also focuses on several other initiatives by the Tata Group.

Such as this paper focuses on :

- (1) CSR and sustainability's social dimension;
- (2) CSR and sustainability's environmental dimension; and
- (3) CSR and sustainability's economic-financial approach.

4-Research Methodology:

The data used in the study has been taken from various reports of various companies. For the data related with the Tata Group, the Annual Reports of CSR are accessed. Government websites are also accessed for the relevant data.

5- Results and Discussion :

5.1:Initiatives taken by Tata Motors:

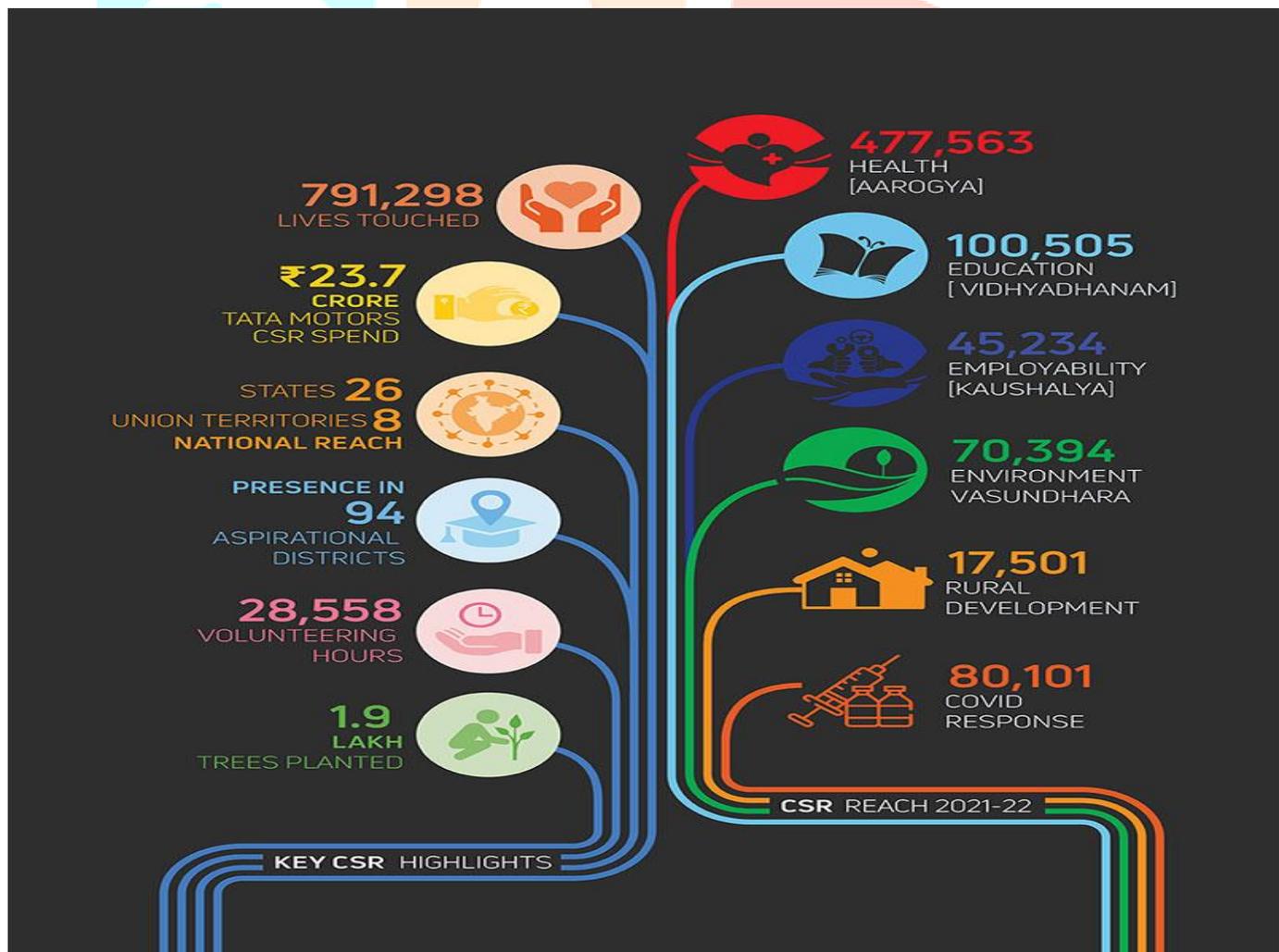
India has always been a place where socially responsible behavior of industrialists is deeply embedded in the society and it has taken the form of philanthropy. However, due to less attention of companies in CSR, India recently took the initiative of framing the CSR mandate in its Companies Act of 2013. This legal mandate has come at a crucial juncture of time as the country is in the phase of transition in terms of its place in the world and is destined to lead the world socially and economically. The legislation has been successful in bringing a sense of organization, order and clarity in corporate investments in the country and has strengthened the ties between industry and society.

Over the years, Tata, as a business house has built a valued and strong reputation for working for the public good and is known for supporting the communities in which it operates. Tata is known for its serious commitment towards uplifting people's lives and enriching communities across the world. Since its formation 150 years ago, Tata group dedicated itself towards positively affecting people's lives and leaving a good social impact. Keeping the family values of social responsibility in mind, Tata has committed to CSR even before the legislation was brought by the government of India. Due to the limitation of time and space it is difficult to discuss every work by Tata under the CSR, so this paper will focus on the CSR activities of Tata motors which has always been committed and has crossed the limit set by the law. Tata Motors has pledged more than Rs 20 crores every year for several communities where it has its presence and has thus initiated various social welfare programs. The following graph taken from CSR Report of Tata Motors 2021-22 highlights the contribution of Tata Motors:



Source: CSR Report of Tata Motors 2021-22

The contribution of Tata motors could be understood by the picture below taken from its CSR report 2022, which shows that Tata motors has touched 7,91,298 lives through its CSR initiatives. The activities undertaken by Tata motors through its CSR program touch various important fields such as environment, education, health care, rural development, skill training and so on. According to the CSR report 2022, the employees of Tata motors volunteered for 28,558 hours to the social cause. Moreover, environment has always been in focus for Tata group for decades and aligning to the environmental ethos of Tatas forefathers, Tata motors planted 1.9 lakh trees in the fiscal year 2021-2022. As we all know that human race faced a tough situation during Covid-19 pandemic and Tata motors contributed in the field of health as always and assisted 80,101 Covid responses. The health centers set up by Tata were instrumental in vaccination and awareness about Covid virus. Tata motors thus played an important role in covering the remote places and communities of our country by covid vaccination. More than 80000 community members were vaccinated by the national level covid vaccination initiative of Tata motors.



Source : Tata motors CSR Report 2022

The initiatives taken by Tata Motors under its CSR programs are influenced by 'More from Less for More' philosophy and are standards or role models in the corporate sector to follow. Some of the important programs are discussed below.

5.2. Education:

Tata Motors, through its initiatives in education, has always tried to ensure access of quality education to all for the well being of future generation. These initiatives primarily focus on the rural and underprivileged children who are still struggling for better education. **Vidyadhanam** is the most famous educational initiative of Tata Motors. Through this initiatives many students have got financial help, coaching for competitive exams and infrastructure of schools have been made. The company believes that education can be a tool to change lives and bridge the gap between rich and poor in this country by empowering minds of individuals. Vidhyadhanam focuses on the following issues:

- Coaching classes
- Scholarships
- Building infrastructure of schools
- Co-curricular activities
- Financial help to the students of IITs and government engineering colleges.
- Providing coaching to the underprivileged IIT-JEE aspirants.

5.3. Health:

In the health sector Tata Group has always showed its commitment and has worked to achieve well being of its people. Tata Motors has also taken that commitment seriously and has worked towards a healthier India. Tata motors has worked tremendously to eradicate **malnutrition** from rural and underprivileged sections of communities. With the slogan of 'Organise. Synergise. Scale', Tata Motors has collaborated with local governments and Non Government Organisations to take government schemes to the poor. And the only aim is to make the future generation of the country healthier. Another important program is **Amrutdhara** which aims at providing safe drinking water to all and thus has been successful in changing thousands of lives across the country. Since 2010, the program has benefitted more than 200 villages. **Aarogya Health Program** is another such program undertaken by Tata Motors in the health sector. TML organizes several camps for awareness drives and treatment of various diseases under this program. In recent times it has extended its reach to child and maternal health and has built centers to tackle malnutrition. Through these initiatives in health sector TML has been successful in touching thousands of lives from different generations.

5.4. Employability:

Tata Motors has a unique approach when it comes to the employment of youths in country as it encourages skill based employment. TM works in different ways and different levels for skill development in

youths. TM has collaborated with 112 Industrial Training Institutes (ITI) which are spread in 19 states of India. The motto behind this is to contribute in the skill development and training of the youth of our country. In this initiative Tata Motors has laid focus on gender equality in this initiative and thus trains women also at its different centers and plants. **Tata Motors Grihini Welfare** is one such program, which has provided employment to more than 1000 women at different centers. These women receive training to produce several products such as pickles and electric cables and thus become financially independent. Another significant program for employment through skill development is **Kaushalya** and it has also benefitted thousands of people across years. Under this program training is imparted to youths for various skills such as sewing, embroidery, candle making, bee keeping and handicraft making. Through these initiatives in the field of employability Tata Motors has been successful in bridging the gap between present and expected standards of skills. These skills will help in developing better technologies in future.

5.5. Environment:

Tata Motors has set greener world as its priority and has worked hard in this direction for decades. It has not only dreamed of a greener future but has also worked to make that dream a reality. Tata Motors has worked to preserve and develop long term relationship between people, community, industry and ecosystem. This relationship, with the efforts of Tata Motors, has become strong with time. Tata Motors has taken initiatives keeping in mind the environmental needs, issues and climate change. Some important initiatives taken by the corporation at its level is waste management, conservation of resources and recycling materials. The environment program **Vasundhara** is also very famous which has contributed towards increasing the green cover of India. In addition to this, several ponds are constructed to ensure water supply to trees during dry seasons. Under this initiative, Tata Motors has planted more than 2,77,000 trees since 2017. (CSR Report 2022) Taking its environmental agenda to the next level, Tata Motors promotes irrigation systems which require minimum amount of water with maximum benefit to the farmers. The seriousness of Tata Motors to the environmental cause could be understood by the fact that despite increase in production, the emission of carbon dioxide has decreased by more than 22,500 tonnes.

6-Conclusion:

Tata has been an early adopter of a strong CSR agenda. They believe in the importance of social stewardship and robust eco-sustainability.

Tata Group has always handled CSR as a mission and has put it at the heart of everything it does. Being a company which is 150 years old, the CSR ideology of Tata has been time tested and it has been proved that giving back to the community is never a loss but profitable. The ideology of Tata Motors is not different from its parent Tata Group as it focuses on the betterment of the stakeholders, changing lives of people and encourages sustainable development. Tata Motors is a signatory of United Nations Global Compact and this is also reflected in its firm commitment towards CSR as the company has contributed to social activities despite loss sometimes. Being governed by Tata Code of Conduct, Tata Motors is known for doing business in a responsible manner. Today the world needs more companies like Tata Motors who do not believe that business of business is pure

business. This study portrays the positive impact of the mandating of CSR in India. India is the first country in the world to mandate CSR following an amendment to the Companies Act, 2013. CSR activities aim to ensure that companies are involved in activities which respect the growth and development of marginalized communities and the environment without negatively impacting their business goals.

References:

- 1- Bocquet, R., Le Bas, C., Mothe, C. and Poussing, N. (2017). CSR, innovation, and firm performance in sluggish growth contexts: a firm-level empirical analysis. *Journal of Business Ethics*, Vol. 146 No. 1, pp. 241-254
- 2- Chen, Y.S. (2008). The driver of green innovation and green image-green core competence. *Journal of Business Ethics*, Vol. 81 No. 3, pp. 531-543
- 3- Carroll, A.B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, Vol. 4 No. 4, pp. 497-505, available at: www.jstor.org/stable/257850
- 4-Hahn, R. (2011). Integrating corporate responsibility and sustainable development: a normative conceptual approach to holistic management thinking. *Journal of Global Responsibility*, Vol. 2 No. 1, pp. 8-12, available at: <https://doi.org/10.1108/20412561111128492>.
- 5-Höllerer, M. A. (2012). Corporate social responsibility (CSR). In *Between Creed, Rhetoric Façade, and Disregard: Dissemination and Theorization of Corporate Social Responsibility in Austria* (NED-New edition, pp. 29–66). Peter Lang AG. <http://www.jstor.org/stable/j.ctv9hj7e3.7>
- 6- Jamali, D., Makarem, Y. and Willi, A. (2019). From diffusion to translation: implementation of CSR practices in MNC subsidiaries. *Social Responsibility Journal*, Vol. 16 No. 3, pp. 309-332, available at: <https://doi.org/10.1108/SRJ-05-2018-010>
- 7-Preston, L.E. (1975). Corporation and Society: The Search for a Paradigm. *Journal of Economic Literature* 13: 434-53.
- 8-Tata Motors Limited. *Tata Motors CSR Report for FY2022*. 2022. [Retrieved on 22-12-2022](#)
- 9-Tata Motors Limited. *Annual CSR Report 2021-22*. 2022. [Retrieved on 21-12-2022](#)
- 10-Votaw, D. (1973). Corporate Social Reform: An Educator's Viewpoint. *California Management Review*, 15(4), 67–73. <https://doi.org/10.2307/41164461>
- 11-Votaw, D. (1973). Genius Becomes Rare: A Comment on the Doctrine of Social Responsibility. Pt. II. *California Management Review*, 15(3), 5–19. <https://doi.org/10.2307/41164435>