



# Corporate Social Responsibility in Tata Group

Dr. Jaspreet Singh

Assistant Professor, Shaheed Bhai Mani Singh Khalsa College, Longowal (PB) India.

## Abstract

Corporate Social Responsibility is becoming an important activity to businesses nationally and internationally. Tata group has taken several initiatives for the local community in the area of livelihood and income generation, education and health as part of its Corporate Social Responsibility (CSR) programme involving local communities. Tata group is presently operating in different sectors and every company in that sector is working towards CSR. The government of India had given voluntary guidelines towards CSR in 2009 and now by clause 135 of companies Act 2013 has given directions to contribute towards CSR. In the light of this background, the objective of my paper is to analyse the relationship between profitability and CSR investment of Company.

[Key words: Corporate Social Responsibility, Rural Areas, Tata Group, Profitability]

## 1.0 Introduction

CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. Corporate Social Responsibility is becoming an important activity to businesses nationally and internationally. As globalisation accelerates and large corporations serve as global providers, these corporations have progressively recognised the benefits of providing CSR programs in their various locations. Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families, local community and society at large

Different Tata companies have been actively involved in various social work. Tata executives emphasize that even now, the company grows despite obstacles thrown up by red tape and special interests. A key challenge facing business is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies.

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 rupees and more, or a net worth of 500 crore rupees and more, or a net profit of five crore rupees and more. The new rules are applicable from the fiscal year 2014-15 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. It define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India.

## 2.1 Review of Literature

Global Ronald Paul Hill, Thomas Ainscough, Todd Shank and Daryl Manullang (2006) in their paper “Corporate Social Responsibility and Socially Responsible Investing: A Global Perspective” examined the relationship between corporate social responsibility and company stock valuation across U.S., Europe, Asia. The purpose of this paper is to examine the relationship between corporate social responsibility and company stock valuation and review of the evolving definition of CSR, along with a discussion of the ways in which this construct has been utilized in practice. This study examined corporate social responsibility through a comparison of socially responsible investments to the broader stock markets. The primary difference between their empirical work and others within the financial and ethics literatures is the use of composites containing firms that meet several externally-recognized ethical standards. In the end it can be concluded that considers the relevance of various aspects of socially responsible corporate behaviour on investment strategies and tactics within and across nation states and regional boundaries may provide useful insights.

Tomar S & Gupta R. (2008) in their paper “Development of corporate social responsibility in indian family business: a case of tata iron & steel company”. The purpose of the research paper is to study why, how and to what extent corporate social responsibility is being implemented in leading family owned business in India and develop a framework that integrates the intention and the concern of an organization towards corporate social responsibility and the degree to which these activities are operational. This paper addressed the two key challenges in social responsibility management. First how to measure corporate social performance and second 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.

Pednekar M.C. & Variorum N. J. (2011) in their paper “Corporate Social Responsibility (CSR) - A Case Study on Contribution of Tata Group in 26/11 Mumbai Terrorist Attack” explore how the Tata group under the leadership of Ratan Tata has successfully carried forward the vision of his forbearers and used it to further develop the business of the Tata Group in spite of having such a big terrorist attack on Taj. They further examined how the group's vision is translated into action through the contribution in 26/11 attack on Taj Hotel, Mumbai. The case examines how The Tata Group is integrating CSR with its business processes in the organization's journey

toward business excellence. They concluded that CSR is truly very important in the Indian context and the success of the Tata group over the years shows that it is possible to reconcile social objectives with profitability and other corporate need to emulate this strategy and this will surely take India into the league of developed nations.

Ramesh R.S. & Goel P. (2012) in their paper “Study and Measurement Of Corporate Social Responsibility -An Indian Perspective” had examined that Corporate social responsibility emerges in organizations to assist decision making in fields where problems occur and are significant to the organization. They studied the aims of the organizations in the changing markets and the key drivers pushing business towards corporate social responsibility. The study enables further understanding of how different kinds of companies from different industry sectors are responding to global and local conditions that demand and need more responsible behaviour by all stake-holders. This research helps to comprehend the various aims of the organizations during the changing markets scenario. The results of the present study highlight that even in the recession times or during market changes, companies are able to enjoy the success with the help of good social image, by implementing.

Sharma A. & Kiran R. (2012) in their paper “Corporate social responsibility in changing markets: New mechanisms and newer initiatives” concludes the different aims of the organizations during the changing markets and the key drivers pushing business towards corporate social responsibility and validation of CSR practices with the help of case study. The study highlights that even in the recession times companies are able to enjoy the success with the help of good social image, by implementing CSR programs with the same vigour in the changing market period as ONGC is doing. In the end, new mechanisms and initiatives are supported with the case study of HMEL Bathinda refinery. Comparison of CSR policies of different companies in the field of education, environment and healthcare is done sector wise. They had discussed the CSR rating of Companies done by kamayog from 2007-2009 and concluded that after recovering from the recessionary period, companies are starting to understand that having a credible and productive corporate responsibility function.

### **3.1 Objectives of Study**

Keeping in view the research gaps from the earlier studies, the present study frames the following objectives:

1. To determine the relationship between profitability and CSR investment of Company.

### **4.1 Research Design**

In order to meet the objectives of study, the Corporate Social Responsibility investment performed for five years respectively i.e. 2009 to 2014.

### **4.2 Type of Research**

An exploratory research as it aims to determine the present facts as well as facts that are not yet explored about the phenomenon.

### 4.3 Sources of Data

The study is based on secondary data and exhaustive literature survey regarding the topic is done. Both qualitative and quantitative data has been collected from various sources such as Annual Reports, Sustainability Reports, Business Responsibility Report books, journals, magazines and research reports and electronic data gathered through related web sites.

<b>Tata motors</b>	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Csr</b>	-	14.69	15.209	19.21	17.33
<b>Profit after tax</b>	2240	1812	1242	302	335
<b>percentage of profit after tax</b>	-	0.81%	1.22%	6.36%	5.17%
<b>Tata Power</b>					
	939	941	1169.73	1024.69	954.08
<b>CSR Investment</b>	Na	16.94	16.21	23.16	15.2
<b>% of profit</b>	Na	1.8	1.385	2.259	1.59
<b>Tata Steel</b>					
<b>CSR Investment</b>	102	126.28	146	170.76	212
<b>Profit after tax</b>	5048	6866	6696	5062.97	6412
<b>% of profit</b>	2.02%	1.84%	2.18%	3.37%	3.31%
<b>Tata Chemicals</b>					
<b>CSR Investment</b>	3.16	5	6	9	14.358
<b>Profit after tax</b>	434.78	408.49	586.6	643.31	436.07
<b>% of profit</b>	0.73%	1.22%	1.02%	1.40%	3.29%
<b>Indian hotel company ltd.</b>					
<b>Direct for CSR Projects</b>	1.28	2.2	4.65	3.63	
<b>%</b>	0.84	1.56	3.19		
<b>Profit after tax</b>	153.1	141.25	145.35	-276.61	
<b>Tata Consultancy services</b>					
<b>csr work</b>	13.82(.29)	31.85 (.66)	48.40 (1.007)	71.60	93.58
<b>Profit after tax</b>	7092.66	9189.79	10523.45	14075.69	19163.87
<b>% of profit</b>	0.19	0.35	0.46	0.51	0.49
<b>profit before tax</b>			13923.31	18089.73	

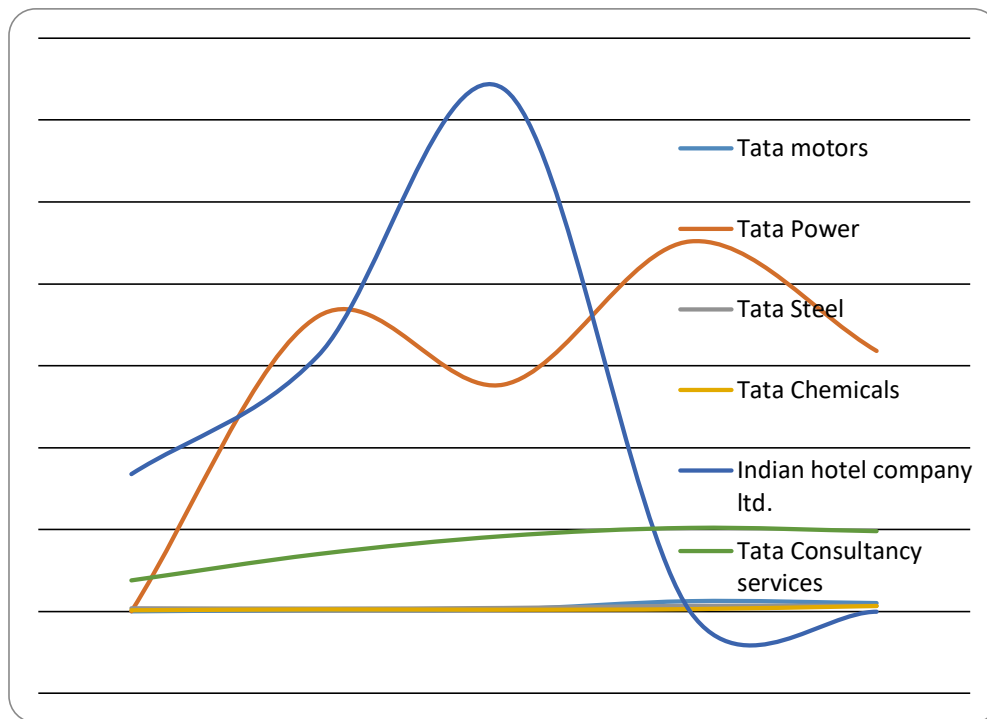
() denotes values in dollars

Conversions 48,894 crores USD 10.17 billion=48.07rs=1 \$

.29\$(14)48.27

47.66=300.3/6.3

1.007\*48.07=48.40



From the above graph it is observed that percentage increase in CSR investment of every company is proportionate to profits increase. Majority of the companies like Tata Motors, Tata Steel, Tata Chemicals and Tata Consultancy are going in the same trend. Only Tata power and Indian hotel company are moving in different trend. It can be seen that four out of six companies CSR as a percentage of profits lies between 0% and .5 %

### 6.1 Major Findings of the Study

1. Every company is doing CSR voluntarily irrespective of the guidelines or recommendations issued by government which is cleared from the above given table.
2. It can be concluded that there is a positive relationship between CSR and Profitability.
3. CSR investment done by Tata Consultancy services and Tata Steel is going in increasing trend from 2009-10 to 2012-13 and goes constant in 2013-14

CSR investment of Tata Power is not constant and going in a up and down trend as seen in graph.

4. Majority of the companies like Tata Motors, Tata Steel, Tata Chemicals and Tata Consultancy are going in the same trend.

### Limitations of the Study

1. One of the biggest limitation of the study is that it is based on Tata Consultancy Services, Tata motors, Tata Power, Tata Steel, Tata Chemicals, Indian hotel company Ltd. and not on the entire Tata group.
2. The study is confined to the period of five years only and hence the work done in prior period is not studied.
3. The research is confined to the Investment done in CSR work and hence the other areas are left blank.

4. Only one parameter of CSR work done in the form of monetary form is considered and work done in non monetary form is not considered.
5. Some companies are not providing the in some years which is the biggest limitation of the Study.

## 7.2 Conclusion

In the present competitive market, it is important to spend money in CSR and Tata group is performing their CSR work efficiently and effectively. Every company of Tata group is doing work prior to guidelines issued by government which shows that they are doing it voluntarily. They are doing significant contribution in CSR activities compared with profits after tax. In the previous five years Tata group has put a lot of efforts in CSR which can be understood from the fund invested in CSR. Other companies should also take knowledge from Tata group and use their ideas for CSR activities.

## Bibliography

1. Global Ronald Paul Hill, Thomas Ainscough, Todd Shank and Daryl Manullang ,2006. *Corporate Social Responsibility and Socially Responsible Investing: A Global Perspective*, Journal of Business Ethics, Jan., 2007, Vol. 70, No. 2, pp. 165-174[online] Available at <http://www.jstor.org/stable/25075281> .
2. Sarika Tomar & Rakesh Gupta ,2008. *Development of corporate social responsibility in indian family business: a case of tata iron & steel company* Available at [http://www.researchgate.net/publication/228785310\\_DEVELOPMENT\\_OF\\_CORPORATE\\_SOCIAL\\_RESPONSIBILITY\\_IN\\_INDIAN\\_FAMILY\\_BUSINESS\\_A\\_CASE\\_OF\\_TATA\\_IRON\\_STEEL\\_COMPANY](http://www.researchgate.net/publication/228785310_DEVELOPMENT_OF_CORPORATE_SOCIAL_RESPONSIBILITY_IN_INDIAN_FAMILY_BUSINESS_A_CASE_OF_TATA_IRON_STEEL_COMPANY)
3. Pednekar Mahesh C. & Jha Variorum Nishikant ,2011. *Corporate Social Responsibility (CSR) - A Case Study on Contribution of Tata Group in 26/11 Mumbai Terrorist Attack*, Variorum, May 2011 Vol.-01, Issue-IV, pp.1-6.[online] Available at [www.ghrws.in](http://www.ghrws.in)
4. Ramesh R.S. & Goel Puneeta ,2012. *Study and Measurement Of Corporate Social Responsibility -An Indian Prespective, International Journal of Multidisciplinary Research*, June 2012, Vol.2 Issue 6, pp. 208-218.[online] Available at [www.zenithresearch.org.in](http://www.zenithresearch.org.in)
5. Sharma Anupam & Kiran Ravi, 2012. *Corporate Social Responsibility in changing markets: New mechanisms and newer initiatives, African Journal of Business Management*, 25 April, 2012, Vol. 6(16), pp. 5479-5490 .[online] Available at <http://www.academicjournals.org/AJBM>

## Books

1. Mark S. Schwartz (2011), *Corporate Social Responsibility- An Ethical Approach* broadview Press. Available at <http://books.google.co.in/books?id=guf4qEFG6O0C&printsec=frontcover&dq=book+on+corporate+social+responsibility&hl=en&sa=X&ei=p2mNU77qHYjIuASjrYGYAw&ved=0CEEQ6AEwAg#v=onepage&q=book%20on%20corporate%20social%20responsibility&f=false>

2. C. V. Baxi & Ajit Prasad (2006) Corporate Social Responsibility: Concepts and Cases : the Indian Experience by Excel Books. Available at [http://books.google.co.in/books?id=AB\\_u44-xJOUC&pg=PA50&dq=book+on+corporate+social+responsibility+by+tata+group&hl=en&sa=X&ei=02qNU6aBK8WPuASamICYBg&ved=0CE0Q6AEwAw#v=onepage&q=book%20on%20corporate%20social%20responsibility%20by%20tata%20group&f=false](http://books.google.co.in/books?id=AB_u44-xJOUC&pg=PA50&dq=book+on+corporate+social+responsibility+by+tata+group&hl=en&sa=X&ei=02qNU6aBK8WPuASamICYBg&ved=0CE0Q6AEwAw#v=onepage&q=book%20on%20corporate%20social%20responsibility%20by%20tata%20group&f=false)

## Websites

1. <http://www.indiacsr.in/en/?s=csr+of+tata+in+2011&paged=21>
2. <http://www.csridentity.com/profile/india/tata.asp>
3. <http://www.ukessays.com/essays/marketing/corporate-social-responsibility-tata-groups-marketing-essay.php>
4. <http://www.indiacsr.in/en/?tag=csr-activities-of-tata>
5. [http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS\\_Corporate\\_Sustainability\\_Report\\_2011-12\\_3.pdf](http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS_Corporate_Sustainability_Report_2011-12_3.pdf)
6. <http://aif.org/>
7. <http://www.indiacsr.in/en/?tag=corporate-sustainability>
8. [http://www.tcs.com/about/corp\\_responsibility/Pages/default.aspx](http://www.tcs.com/about/corp_responsibility/Pages/default.aspx)
9. [http://www.tcs.com/news\\_events/press\\_releases/Pages/default.aspx](http://www.tcs.com/news_events/press_releases/Pages/default.aspx)
10. <http://www.tata-steel.com>
11. [www.tatamotors.com/investors/pdf/2014/69-Annual-Report.pdf](http://www.tatamotors.com/investors/pdf/2014/69-Annual-Report.pdf)
12. [www.tatapower.com/investor-relations/pdf/95Annual-Report/](http://www.tatapower.com/investor-relations/pdf/95Annual-Report/)
13. [www.tatachemicals.com/.../annual\\_reports/annual\\_report/](http://www.tatachemicals.com/.../annual_reports/annual_report/)
14. [www.tajhotels.com/corporate/.../financial\\_reports/annual\\_reports/](http://www.tajhotels.com/corporate/.../financial_reports/annual_reports/)
15. [http://www.uhd.edu/academic/colleges/business/Institutes\\_and\\_Centers/ctr\\_for\\_entrepreneurship/CEI\\_CorpSocialResponsibility.html](http://www.uhd.edu/academic/colleges/business/Institutes_and_Centers/ctr_for_entrepreneurship/CEI_CorpSocialResponsibility.html)
16. <https://www.boundless.com/business/business-ethics-and-social-responsibility/social-responsibility/modern-trends-in-social-responsibility/>