

Corporate Social Responsibility: A study of Tata and Aditya Birla Groups

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Abstract -The year 1990 is known for the dynamism it brought in the business world. This era of Globalization and liberalization forced the corporate sector) to take up its responsibility towards society, human rights and the environment. This role of corporate gave a new beginning to what we call now as Corporate Social Responsibility (CSR). The principles of CSR are based on the fact that not only Government policy but corporate should be responsible towards social issues. This paper examines the CSR initiatives taken by Indian Corporates Tata and Aditya Birla Groups to serve the community.

Key Word: Corporate Social Responsibility, Aditya Birla Group, Tata Group, Education, health, women empowerment, society, skill development.

1.INTRODUCTION

Corporate Social Responsibility (CSR) is a form of corporate self regulation conjoined with business model and strategies. It focuses on companies being responsible for their actions and encourages a positive impact through its activities on the environment, consumers, employees, communities, shareholders and stakeholders. The World Business Council for Sustainable Development defines CSR as "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 and their families as well as of the local community and society at large". Carroll says "The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that a society has of organizations at a given point in time" [1]. Carroll says "The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that a society has of organizations at a given point in time.". There is no single definition of CSR; each definition mainly highlights the impact the business has on society and

environment and majorly the social expectations of them [2, 3].

CSR has its origin in philanthropic activities like charity, donations etc., of corporations, but now it mainly revolves around, corporate citizenship, strategic philanthropy, corporate sustainability, business responsibility and shared ethics and values. According to UNIDO "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR in general can be understood as a way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that"[4]. This distinction between CSR and philanthropy has been further

emphasized by The Centre for Business and Government of the Kennedy School of Government at Harvard University in its definition "Corporate social responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy"[5]. In nutshell it can be concluded that CSR has its soul in business contribution to sustainable development that is how strategically corporate take into their fold the economic, societal and issues concerning to environment and this endeavor of theirs impact their operations and thus society at large.

2. CSR AND INDIAN CORPORATE

India has a very rich tradition of social responsibility. From the time trade started the merchants continuously invested in building places of worship, feeding the poor and helping the people in need. The same tradition of being responsible towards society still continues. The Companies Act, 2013 under CSR initiatives, promotes greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the nucleus. The draft rules also promotes that CSR needs to expand its boundaries beyond communities and the concept of philanthropy. Most of the Indian practices of CSR are an essential component of sustainability or responsible business, and this is seen in many sustainability frameworks. In June 2011, the Ministry of Corporate Affairs issued NVG's for social, environmental and economic responsibilities of business. Principle eight, relating to inclusive development encloses most of the aspects covered by the CSR clause 135 of the Companies Act, 2013. The Act also lists a set of activities which CSR can undertake and these are - Eradication of extreme hunger and poverty, Combating HIV-AIDS,

malaria and other diseases, Contribution to Prime Minister's relief fund and other such state and central funds, Promotion of education, Gender equity and women empowerment, Employment enhancing vocational skills, Environmental sustainability Reducing child mortality and improving maternal health, and such other matters as may be prescribed Social business projects. Companies may instrument these activities according to the local conditions after seeking the approval of the board. These activities are specified under Schedule VII of the Act.

Aditya Birla Group and Tata Group have been participating very religiously and actively in all CSR activities. They have adopted and incorporated CSR in their strategic functioning and have made it their core value.

3. CORPORATE SOCIAL

RESPONSIBILITY AT ADITYA BIRLA GROUP

Corporate social responsibility is a very fundamental and essential part of the Aditya Birla Group's value systems. Group's social work has expanded to 3,000 villages in India, reaching out to seven million people every year. The effort put by the group can be best understood by their vision statement, which states "To actively contribute to the social and economic development of the communities in which we operate. In doing so, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index" [6]. The group has carried forward the philosophy of Shri G.D. Birla, who believed in, that the wealth one makes is to be put into trusteeship for all the shareholders, which literally means in the language of CSR, to utilize and invest a part of your profits for the welfare of the society at large. It has implemented the concept of 'sustainable livelihood' has channelized resources to ensure that people have necessary means to meet their both ends.

The same philosophy has been taken a step forward by Mr. Kumar Mangalam Birla (Chairman) by establishing the concept of triple bottom line accountability represented by economic success as an organization culture. He puts it in simple language which very beautifully highlights and gives us a clear vision of the groups thought process towards CSR, when he says, "Our community work is a way of telling the people among whom we operate that We Care" [7]. The group's main focus is on maximum development of the area of people in around their plants. The companies Grasim, Hindalco, Aditya Birla Nuvo and Ultra Tech of the group have special Rural Development Cells, as most of the plants are located in rural and tribal areas are the bodies which put into action the CSR initiatives. The group in his effort towards developing a better society has many foundation, NGO's and Central and State governments as its partners, together with them they mainly focus on Education, Health care and Family Welfare, Social Issues, Infrastructure development and Sustainable livelihood.

Under the Umbrella of Education the group aims to cultivate the hunger for learning and knowledge in everyone through Balwadis for elementary education to impart quality primary education, formal schools in form of Aditya Bal Vidya Mandirs, girl child education and Adult education programmes. In health care their goal is to provide best facilities to people in villages through their hospitals. The group fulfills this mission through primary health care centers, mother and child care projects, Immunization program with a thrust on polio eradication, Health care for visually impaired and physically challenged and preventive health through awareness programmes. For sustainable livelihood the focus is on formation of self help groups for women empowerment, vocational training through Aditya Birla rural technology parks, agriculture development and better farmer focus, watershed development and partnership with industrial training institutes. Through

infrastructure development the group aims to provide necessary services that are pillars for sustainable development. The group has set up basic infrastructure facilities, housing facilities, safe drinking water, Sanitation and hygiene and also focuses on renewable sources of energy. The Group specifically works on social issue like dowry less marriage, widow marriage and also has run successfully many awareness programmes on anti-social issues. Many other programs and campaigns are being conducted on de-addiction and moral values, under their endeavor to bring social change.

Their rural development activities are spread in the above mentioned key areas and it works with a goal to help in building model villages that can sustain on their own. These endeavors of the group towards building a better sustainable society the group has been applauded acknowledged and rewarded. Madura Clothing won the 2013 Golden Peacock Award for Corporate Social Responsibility and UltraTech won Intel-AIM Corporate Responsibility Award and Governance and Society: Asian CSR Awards 2013, for its work among the underprivileged and highest standards of governance.

4. CORPORATE SOCIAL RESPONSIBILITY AT TATA GROUP

Two third of the equity of the parent firm, Tata Sons Ltd., is held by philanthropic trusts endowed by Sir Dorabji Tata and Sir Ratan Tata. Through these trusts, Tata Sons Ltd. utilizes 8 to 14 percent of its net profit every year for numerous social causes. Even during the adverse economic conditions in 1990's the group did not back out of its financial commitment towards social activities. Total spending was increased from Rs 670 million in 1997-98 to Rs 1.36 billion in 1999-2000. In the year 2004 spent Rs 45 crores were spent on social services by Tata Steel alone. The group has been credited to introduce labour welfare practices which were enforced by Government of India as labour laws at a later stage. The group established the Welfare

Department in 1917 and it was further enforced by law in 1948; similarly they also introduced the maternity benefit in 1928 which was enforced by law in 1946.

Jamsetji Nusserwanji, founder, Tata Group says about CSR "In a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence" [8]. To add to this, Manoj Chakravarti, G M - Corporate Affairs & Corporate Head - Social Responsibility, Titan Industries Limited in 2004, was quoted as saying, "Corporate Social Responsibility should be in the DNA of every organization. Our processes should be aligned so as to benefit the society. If society prospers, so shall the organization..." [9]. These two statements very categorically highlight the fact that CSR has always been a core value of the Tata group. Tata group established first science center and atomic research center of India. Jamshed Irani, Director, Tata Sons Ltd, says, "The Tata credo is that 'give back to the people what you have earned from them'. So from the very inception, Jamshetji Tata and his family have been following this principle" [10]. Through its companies and societies Tata group has very religiously taken up the cause of CSR. Tata Steel has adopted the Corporate Citizenship Index, Tata Business Excellence Model and the Tata Index for Sustainable Development. Tata Steel spends 5-7 per cent of its profit after tax on several CSR initiatives. They have around 500 self-help groups, which work under various poverty alleviation programs. These self-help groups have also extended women empowerment programs to 700 villages. For providing portable water to rural communities 2,600 tube wells have been installed and this benefits a population over four lacs. The Tata Steel Centenary Project has just been announced. These health care projects of Tata Steel include child education, immunization and childcare, plantation activities, creation of awareness of AIDS and other healthcare projects.

Since 1980, Tata Tea has been working to fulfill the needs of specially-abled people. Srishti Welfare Centre at Munnar, Kerala concentrates on providing education, training and rehabilitation of children and young adults with special needs. Titan Industries has corporate social responsibility as its governing objective and one of its important corporate values. It defines CSR as working more towards societal good there by harming it less by adopting simple principles like respecting and supporting the people, caring for the employees, committed to sustainable development and putting safety(at work) first etc.,

TCS has focused itself on the group's philosophy of building strong sustainable businesses community. Working on this guideline TCS works on fair and transparent corporate governance, has best HR practices and processes, take projects for community development and welfare. TCS in partnership with the Indian government has launched Saakshar Bharat, an adult education program in 2009, the program will go online. It aims to make 70 million people literate, of which at least 85 percent are women. This program is rolled out in 167 districts across 19 states. In 1980 Tata Chemicals Society for Rural Development was set up by Tata chemicals Limited to promote its social objectives for the local people in Mithapur, Babrala and Haldia. Through Tata Chemicals Society for Rural Development (TCSRSD) Tata Chemicals is working to improve the quality of life of the people. It specifically aims at supporting sustainable development. Tata motors have its special focus on pollution control and employment generation. All Tata companies have set CSR as their core and strategic value. The group has Tata Relief Committee and Tata Council for Community Initiatives (TCCI) to strengthen the CSR cause. The Tata group has set up Tata Health Infrastructure, Tata Educational Infrastructure, Tata Sports Infrastructure and Preservation of culture & Heritage towards its endeavor to National Building.

TISCO was awarded The Energy Research Institute (TERI) award for Corporate Social Responsibility for the year 2002-2003 in for its corporate citizenship and sustainability initiatives. As the only Indian company which has taken enough steps to put into practice the Global Compact principles on human rights, labor and environment, TISCO was also conferred the Global Business Coalition Award in 2003 for its efforts in spreading awareness about HIV/AIDS .

5. CONCLUSION

Business has come a long way from barter system to currency notes. And with the changing times CSR has developed from traditional corporate philanthropy, where companies allocated a certain amount of their profit to “do well” for the society, to a core strategic value. The companies have very well understood that doing charities is no more enough. Shareholders, stakeholders and also the employees want to be part of “doing good work” and want their money to be used for developing a healthy society. This active thinking to return to the society and being a good and active corporate citizen has forced all corporate to think more rigorously on their social responsibility. Though making profit has always been a key issue and also a motivating force for all businesses but in this century the corporate face heavy competition. The corporate sector has realized that they have to think beyond profitability and start being responsible for all who make their survival possible in the society. And this is only possible if they think wisely and actively about CSR.

All business houses have an obligation towards environment and society, which provides them with the much needed raw material and most importantly human resource. Tata group and Aditya Birla group, the two groups considered for this paper, have travelled a long way in their cause for CSR. They have very religiously and responsibly fulfilled their duty toward world, nation, society and environment. Both the groups have

been actively participating in the development of a self sustainable society. They have worked in the fields of education, health, social and women issues. Their active participation and rising above the traditional philanthropic style have added to both companies good will. Both of them are very good examples to be followed by nurturing business man throughout the world to how and why to take up the cause of CSR. Thus to conclude this social participation of business would grow and result in a harmonious and healthy bond between the society and business. CSR creates a better public image and goodwill for the company which ultimately results in better business and also projects every corporate as a better corporate citizen.

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