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**“EVOLUTION AND CHALLENGES OF CSR IN INDIA”****(CASE STUDY: TATA STEEL COMPANY)**

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**ABSTRACT**

This paper is organised in three sections. First section is an attempt to provide a clear understanding of the evolution of Business Family Charity: From Corporate Philanthropy to Corporate Social Responsibility and challenges ahead. India has a long history of corporate philanthropy and business involvement in social causes for national development. This philanthropy grew out of the need to develop India socially, politically, and economically in order to meet the challenges posed by colonization. However, global influence of business rendered by globalization, growing trade links and technological proliferation in the last century, drive towards incorporating Corporate Social Responsibility. The second section examines the nature and extent of corporate social responsibility (CSR) initiatives under taken by Tata Steel Company. The Tata Group is a giant family of businesses that dominates Indian markets. And Tata Steel is one of twenty-eight major corporations within the Tata Group. The research focuses on the CSR policies and practices of Tata Steel (formerly known as TISCO). The third and final section covers the challenges and issues concerning CSR.

**KEY WORDS**

Corporate Social Responsibility, Globalisation, Development, Business

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**INTRODUCTION:**

Corporate social responsibility is necessarily an evolving term that does not have a standard definition or a fully recognized set of specific criteria. With the understanding that businesses play a key role on job and wealth creation in society, CSR is generally understood to be the way a company achieves a balance or integration of economic, environmental, and social imperatives while at the same time addressing shareholder and stakeholder expectations. The way businesses engage/involve the shareholders, employees, customers, suppliers, governments, non-governmental organizations, international organizations, and other stakeholders is usually a key feature of the concept. While business compliance with laws and regulations on social, environmental and economic objectives set the official level of CSR performance, CSR is often understood as involving the private sector commitments and activities that extend beyond this foundation of compliance with laws.

**MEANING AND DEFINITION:**

Some of the widely accepted definition of CSR is given below:

[Carroll, 1979; 2008, 500]: "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."

EU Definition of CSR: "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."

Mallenbaker Definition: "CSR is about how companies manage the business processes to produce an overall positive impact on society"

The World Business Council for Sustainable Development (WBCSD) in its publication Making Good Business Sense by Lord Holme and Richard Watts used the following definition.

“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.”

The CSR definition used by Business for Social Responsibility is:

Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the 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.

### **OBJECTIVES OF THE STUDY**

1. To understand the meaning and Evolution of CSR in India.
2. To study the CSR practices of TATA STEEL.
3. To study the challenges faced by CSR in India.

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## RESEARCH METHODOLOGY

The Research design is descriptive and exploratory in nature. The research is primarily based on secondary data. (Secondary data is collected from Books, Reports, Magazines and Journals.) The approach of this paper can be described as integrative, conceptual, and theory building rather than purely empirical one.

### **Evolution of CSR in India (Different Stages):**

The evolution of corporate social responsibility in India refers to changes over time in India of the cultural norms of [corporations'](#) engagement of [corporate social responsibility](#) (CSR), with CSR referring to way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate.

### **The First Phase (CHARITY):**

In the first phase [charity](#) was the main driver of CSR. Culture, religion, family values and tradition and [industrialization](#) had an influential effect on CSR. In the pre-industrialization period which lasted till 1850, wealthy merchants shared a part of their wealth with the wider society by way of setting up temples for a religious cause' helping the society in getting over phases of famine and epidemics by providing food from their godowns and money and thus securing an integral position in the society. With the arrival of the colonial rule in India from 1850s onwards the approach towards CSR was changed.

The industrial families such as [Tata](#), [Godrej](#), [Bajaj](#), [Modi](#), [Birla](#), Singhanian were strongly inclined towards economic as well as social considerations.

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**The Second Phase (CORPORATE PHILANTHROPY):**

In the second phase, during the independence movement, there was increased stress on Indian Industrialists to demonstrate their dedication towards the progress of the society. This was when Mahatma introduced the notion of "trusteeship". The ethical model promoted by Mahatma Gandhi during 1930s is well known which stated the role of family-run-businesses conducting social and economic activities. According to Gandhi, Indian companies were supposed to be the "temples of modern India". Under his influence businesses established trusts for schools and colleges and also helped in setting up training and scientific institutions. The operations of the trusts were largely in line with Gandhi's reforms which sought to abolish untouchability, encourage empowerment of women and rural development.

**The Third Phase (COMPLIANCE & REGULATION):**

The third phase of CSR (1960–80) had its relation to the element of "mixed economy", emergence of Public Sector Undertakings (PSUs). During this period the private sector was forced to take a backseat. Because of the stringent legal rules and regulations surrounding the activities of the private sector, the period was described as an "era of command and control". The policy of industrial licensing, high taxes and restrictions on the private sector led to corporate malpractices. This led to enactment of legislation regarding corporate governance, labour and environmental issues. PSUs were set up by the state to ensure suitable distribution of resources (wealth, food etc.) to the needy. However the public sector was effective only to a certain limited extent. This led to shift of expectation from the public to the private sector. In 1965 Indian academicians, politicians and businessmen set up a national workshop on CSR aimed at

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reconciliation. They emphasized upon transparency, social accountability and regular stakeholder dialogues. In spite of such attempts the CSR failed to catch steam.

### **The Fourth Phase (CORPORATE SOCIAL RESPONSIBILITY):**

In the fourth phase (1980 until the present) Indian companies started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy. In developing economies like India, the period of 1960s and 1970s saw an emergence of CSR activities being inbuilt in corporate philanthropy.

Today the concept of CSR has undergone radical change. It has integrated social as well as environmental issues into their missions and decisions. Across the globe, business enterprises have undertaken CSR initiatives in the areas of water conservation, healthcare, rural welfare, environment protection, poverty alleviation, education, community investment projects, disaster management and relief, culture and heritage, product responsibility, governance, waste management.

### **CSR POLICIES & PRACTICES- TATA STEEL**

#### **About Tata Steel:**

Established in 1907 as Asia's first integrated private sector steel company, Tata Steel Group is amongst the leading steel manufacturers in the world. It is now the world's second-most geographically-diversified steel producer, with operations in 26 countries and a commercial presence in over 50 countries. The Group's vision is to be the world's steel industry benchmark in "Value Creation" and "Corporate Citizenship" through the excellence of its people, its innovative approach and overall conduct. Underpinning this vision is a performance culture committed to

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aspiration targets, safety and social responsibility, continuous improvement, openness and transparency.

The following section provides an overview of Philosophy Tata Steel has implemented and encouraged over the years. The first part considers “before-profit” practice and “corporate governance,” that is to say the company’s conduct in the process of manufacturing steel. This includes employee welfare, Codes of Conduct, environmental regulation, and internal structures for improving the company’s accountability. The second part reviews “after-profit” practice, social investment projects that are not directly related to the “business” of Tata itself.

#### **For Value Creation**

- Creating value through enhanced offerings to customers
- To increase availability of products to customers in chosen segments
- Operational improvements for cost competitiveness

#### **For Corporate Citizenship**

- To become Indian steel industry benchmark in CO2 and dust emissions
- Achieve benchmark levels in safety performance
- Developing proficient and engaged employees
- Impacting a million lives – improving the quality of life in communities around us

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**"BEFORE-PROFIT" PRACTICE:**

Good "corporate governance" should be an integral part of all of these processes, not just (as often assumed) social responsibility and corporate citizenship. After all, a good corporate citizen needs to be accountable to stakeholders while conducting business as well as when investing in the community at a later date.

Tata Steel has gone some way in ensuring corporate governance at all stages of the business process. Every year the company aims to exceed its targets on the Employee and Customer Satisfaction Indexes, and the Corporate Citizenship Index. In order to improve its internal management systems it has also adopted two systems of evaluation:

**Tata Code of Conduct –**

The values and principles, which have Governed Tata Steel's business for a century, have been deployed through the implementation of the [Tata Code of Conduct](#) (TCOC, often referred to as the 'Code'), which was first formally articulated in 1998. This was intended to serve as a guide to each employee on the values, ethics and business principles expected of him or her in personal and professional conduct. The Management of Business Ethics is effectively instituted today in Tata Steel through its four pillars concept.

Leadership, System and Processes, Training and Awareness, Measurement

In 2008, in line with changing times and the globalisation of the Tata Group, the Code was updated in consultation with group companies around the world. The revised Code of Conduct

was adopted by the Tata Steel Group Board in October 2008. It addresses contemporary issues of concern for global business along with the importance of implementing a sustainability protocol.

Follows guidelines established by the UN Global Compact (to which Tata is also a signatory). A company signing to the Tata Code of Conduct entitles that company to use the Tata brand name. It prescribes principles by which all employees are expected to act.

### **Environmental Sustainability**

Tata Steel was the first integrated iron and steel plant in India to have been certified with the ISO-14001 Environmental Standard, and one of only a few in the world to have this accreditation in 2000. It operates its own Environmental Management System (EMS), aimed at increasing efficiency and limiting environmental impact at all stages of steel production. This system focuses on improved staff education (including contractors), instituting a system of waste segregation and its eco-friendly disposal, the safe disposal of industrial waste and where possible, a 100 per cent recycling of hazardous wastes such as tar sludge, oil soaked jute, and waste acid from batteries.

### **Tata Social Evaluation, Responsibility and Accountability (ERA)**

ERA is a procedure by which Tata's community projects are evaluated for their impact on the target communities and their level of accountability. Although ERA is not independent of Tata, such procedures are influential in improving programme delivery and ensuring continuing self-evaluation and learning.

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**“AFTER- PROFIT PRACTICES”:**

The belief that progress of the community is integral to a harmonious business environment led to need-based interventions in the early years. In recent years Tata Steel has reorganised its various activities so as to achieve a wider and deeper impact on lives and improve the satisfaction levels of communities in the rural and urban areas in and around its areas of operations.

**Tata Steel engagements in the community include the following:**

- Urban Services, development and management of utilities as well as road infrastructure
- Rural Services, including the creation of sustainable livelihoods
- Sports and Youth Welfare
- Education & Employability Training
- Healthcare Facilities and Services
- Conservation and promotion of traditional Culture & Heritage
- Environment Conservation and Preservation of Biodiversity
- Disaster Management
- Support to non-profit organisations

The Company has a focused approach through the creation of a brand called **Pragati**, which encompasses all the CSR activities of Tata Steel. In keeping with 100 years tradition of serving society, Pragati was developed to serve the long term perspective of CSR communication. Today, Tata Steel’s CSR activities in India encompass the Company’s Steel Works, Iron ore mines and collieries, reaching out to the city of Jamshedpur, its peri-urban areas and over 800 villages in the states of Jharkhand, Orissa and Chhattisgarh. Community involvement is a characteristic of all Tata Steel Group companies around the world. It can take the form of financial support, provision of materials and the involvement of time, skills and enthusiasm of employees. The

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Group contributes to a very wide range of social, cultural, educational, sporting, charitable and emergency assistance programmes.

### **Health Initiatives**

Working with government to prioritise projects, Tata Steel's involvement in health initiatives remains largely philanthropic, with the exception of the Global Business Coalition for HIV/AIDS. Donations to the clinics and centres are regular and on a long-term basis. This is organised by the Family Welfare department. Family planning camps, Immunisation camps for children, Cataract operation camps, 'Cleft lip and palate' operation programmes, HIV/AIDS awareness programmes, Mobile Medical Camps.

### **Culture and Education**

Education and Youth Development Programmes have built and maintained infrastructure for sports. Over 1,500 young people are currently training at Tata Steel's two sporting academies, six training centres or their Adventure Foundation. A Tribal Cultural Centre was built in 1993 and a Jubilee Amusement Park in 2001 to enrich the **cultural** heritage of the city of Jamshedpur.

Tata Steel has also invested in education, part-financing eleven schools and colleges that teach nearly 10,000 students per year. Adult literacy programmes, Youth leadership programmes, Early child education centres, Several camp schools for tribal children.

### **Global Business Coalition (GBC)**

The Global Business Coalition on HIV/AIDS aims to check the growth of the disease with the help of over a hundred major international companies. Believing that business holds the necessary marketing skills, management and infrastructure to be able to raise awareness in rural communities, the GBC encourages companies to campaign with imagination and consistency.

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**Water and Sanitation**

In remote villages where safe drinking water is scarce, Tata Steel provides potable water to communities through tankers or piped water distribution systems.

**Disaster Relief**

The Tata Relief Committee (TRC) is a voluntary organisation to serve society's poorest, whose lives have been affected by natural calamities

**CONCLUSION:**

Across the globe, the concept of CSR has been accepted as an element for success and survival of business along with fulfilling social objectives. However, the challenge for the companies is to determine a strong and innovative CSR strategy which should deliver high performance in ethical, environmental and social areas and meet all the stakeholders' objectives.

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