

Corporate Social Responsibility: A Case Study of Tata Steel Industry

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Abstract- The concept of CSR originated in the 1950's in the USA but it became prevalent in early 1970s. The concept of CSR originated in the 1950's in the USA but it became prevalent in early 1970s. The company shall allocate at least 2% of its average net profits before taxes of the preceding three years, towards CSR activities to sustain and improve a healthy and prosperous environment and to improve the quality of life of the communities it serves. Tata steel focused on the development of urban areas and rural areas. This study will throw lights on the perseverance and continuous efforts of Tata Steel for CSR activation. Day by day unethical practices are increasing and because of that the customers are facing a lot of confusions in decision making.

Index Terms—CSR, Sustain, decision making

I. INTRODUCTION

The concept of CSR originated in the 1950's in the USA but it became prevalent in early 1970s. At that time US had lots of social problems like poverty, unemployment and pollution. Consequently a huge fall in the prices of Dollar was witnessed. Corporate Social Responsibility became a matter of utmost importance for diverse groups demanding change in the business. During the 1980's to 2000, corporations recognized and started accepting a responsibility towards society. Corporate social responsibility (CSR) focuses on the wealth creation for the optimal benefit of all stakeholders – including shareholders, employees, customers, environment and society.

Corporate Social Responsibility is now accepted as a means to achieve sustainable development of an organization. CSR is about integrating economic, environmental and social objective with a company's operations and growth. CSR impacts on governance and ethics, employee welfare, society welfare,

environment protection etc. The Companies Bill, 2012 intends to inculcate the philosophy of CSR among Indian companies. There are different types of CSR like Environmental CSR; Community based CSR, HR, based CSR and Philanthropy.

The functions of CSR are Ethical, Legal, Societal and Ecological functions. The ethical functions of CSR help to present conflicts of interest between earning corporate profits and maintaining the integrity of the company. The legal function of CSR helps to encourage transparency in a company's business practices and financial reporting. The societal function of CSR helps to respect and invest in the communities in which the company operation. The ecological function of CSR helps not only to respect the immediate environment in which the company operates but also to respect the company's effect on the global environment. This study on CSR at Tata Steel has sufficient reasons to be established. Many such studies have been done at Tata Steel on CSR initiatives in the past.

Tata Steel has adopted the Corporate Citizenship Index, Tata Business Excellence Model and the Tata Index for Sustainable Development. Tata Steel spends 5-7 percent of its profit after tax on several CSR initiatives. In the present times of intense competition, the only survival strategy for the business is to grow. However, not only growth, Business is expected to create wealth, supply market, generate employment, innovate and produce a sufficient surplus to sustain its activities and improve its competitive environment. Corporate Social Responsibility (CSR) 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” i.e. profit, planet and people) while at the same time addressing the expectations of shareholders and stakeholders. The origin of the CSR construct has been traced back to the works of Bowen, particularly his book Social Responsibilities of Businessmen published in 1953 (Valor, 2005). CSR is defined as 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 present, there is a visible trend in banking sector in promoting environment friendly and socially responsible lending and investment practices.

II. STATEMENT OF THE PROBLEM:

Less importance of social responsibility and poor ethical behavior like deception, false advertising, misrepresentation, exaggerated promises and unfair comparisons are exploiting the consumer in the market .Day by day unethical practices are increasing and because of that the customers are facing a lot of confusions in decision making. The corporate are not giving that much importance for Corporate Social Responsibility. This study helps to know CSR activities of Tata steel company.

III. OBJECTIVES OF THE STUDY:

- To understand the concept of CSR.
- To know the importance of CSR in societal development.
- To know the percentage of amount that is contributed to each sector.
- To know whether prescribed CSR expenditure had been done or not.

IV. RESEARCH DESIGN:

1.4.1 Nature of Study

The study is analytical in nature.

1.4.2 Nature of Data

Secondary data is used in the study. Secondary data include financial variables and accounting information’s such as net profit, prescribed CSR expenditure.

1.4.3 Sources of data

The study used secondary data. Secondary sources include annual reports, Tata company official website, CSR information’s had been collected from different website, A number of research paper and working papers are also referred for this purpose.

1.4.4 Period of study

Data is for 5 years from 2015-16 to 2019-20 had been used in the study.

1.5 Sample Design:

1.5.1 Nature of population

Steel industry had been used as the population for the study.

1.5.2 Sample Unit

Tata steel company is used as sample.

1.6 Tool for analysis

Percentage had been used for analysis.

V. REVIEW OF LITERATURE

Introduction:

This chapter deals with review of literature. It includes conceptual review and empirical review. Conceptual review includes different concepts used in the study. Empirical literature includes previous study done in research area.

Conceptual Review:

We are living in a world surrounded with numerous problems related to environment and society. CSR (Corporate Social Responsibility) is a means to sort out these problems to some extent because business is a part of society. Earning more and more profits is a natural phenomenon of every business unit but social responsibility is an obligation to the people living inside and outside the business organizations. Business comes in contact with various groups of society such as owners, employees, customers, government, suppliers etc. The responsibility of business, which includes satisfaction of these parties along with the owner, is called social responsibility of business.

According to Steiner “Social Responsibility implies recognition and understanding of the aspirations of society and determination to contribute towards their achievements”. In spite of its current popularity, there

are several issues which remained pending and corporate need to be aware about them. Today, the society as a whole and media increasingly request companies to consider social and environmental problems while doing business activities. CSR has become one of the catchphrases of new millennium across the world and the corporate as well as government must take care of it. Today, Government has also come as an initiative to control those business activities which makes a harmful effect on the society. The government suggested time to time to the business units that the corporate should enact a framework related to CSR i.e. its areas, investment, activities etc. and include them in the vision, mission and strategic planning. CSR typically includes issues related to business ethics, community engagement, global warming, water management, manage the use of natural resources, human rights etc. So, in order to get sustainable development and to survive in this competitive world, the organizations need to demonstrate a close and good relationship with society.

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. The term corporate social responsibility (CSR) refers to practices and policies undertaken by corporations that are intended to have a positive influence on the world. The key idea behind CSR is for corporations to pursue other pro-social objectives, in addition to maximizing profits. Examples of common CSR objectives include minimizing environmental externalities, promoting volunteerism among company employees, and donating to charity. Many companies view CSR as an integral part of their brand image, believing that customers will be more likely to do business with brands that they perceive to be more ethical. In this sense, CSR activities can be an important component of corporate public relations. At the same time, some company founders are also motivated to engage in CSR due to their personal convictions. CSR includes many benefits such as Companies would know what is expected of them, thereby promoting a level playing

field , Many aspects of CSR behaviour are good for business (such as reputation, human resources, branding and making it easier to locate in new communities) and legislation , It could help to improve profitability, growth and sustainability , Some areas, such as downsizing, could help to redress the balance between companies and their employees ,Rogue companies would find it more difficult to compete through lower standards , The wider community would benefit as companies reach out to the key issue of underdevelopment around the world. Likewise it includes some disadvantages such as, Additional bureaucracy, with rising costs for observance, Costs of operation could rise above those required for continued profitability and sustainability, Critics already argue that the CSR of companies is simply to make a profit, and legislation would increase the vocalization of these concerns, Reporting criteria vary so much by company, sector and country, and they are in constant evolution.

Better anticipation and management of an ever-expanding spectrum of risk. Effectively managing governance, legal, social, environmental, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can improve the security of supply and overall market stability. Considering the interests of parties concerned about a firm's impact is one way of better anticipating and managing risk.

Improved reputation management of organizations that perform well with regard to CSR can build their reputation, while those that perform poorly can damage brand and company value when exposed. Reputation, or brand equity, is founded on values such as trust, credibility, reliability, quality and consistency. Even for firms that do not have direct retail exposure through brands, their reputation for addressing CSR issues as a supply chain partner—both good and bad—can be crucial commercially.

CSR makes improved innovations, competitiveness. CSR is as much about seizing opportunity as avoiding risk. Drawing feedback from diverse stakeholders can be a rich source of ideas for new products, processes and markets, resulting in competitive advantages. For example, a firm may become certified to

environmental and social standards so it can become a supplier to particular retailers. The history of good business has always been one of being alert to trends, innovation, and responding to markets. Increasingly, mainstream advertising features the environmental or social benefit of products. Enhanced operational efficiencies and cost savings. These flow in particular from improved efficiencies identified through a systematic approach to management that includes continuous improvement. For example, assessing the environmental and energy aspects of an operation can reveal opportunities for turning waste streams into revenue streams (wood chips into particle board, for example) and for system-wide reductions in energy use, and costs.

Empirical Literature

Moon (2004), paper examined the role of government in driving corporate social responsibility among the corporate. The study explained that the drivers of CSR are related with business and society. Business includes its reputation, corporation itself, employee’s relation knowledge, goals etc. further, the study cleared that government is driver of CSR by making this relationship true and fair through making through making policies and regulations. The study also embarked other’s country’s situation that how their government entered into businesses for driving CSR.

Samuel O. Idowu (2007), with their study of twenty companies in U.K., propounded that the U.K. companies has now become ethical in the content of social responsibility as companies disclose its CSR with a view of public benefits, government request and issue information to stakeholders because the companies think that stakeholders of twenty first century are better educated them past.

Vaaland, Heide (2008), paper based on a case study methodology. The paper purpose was to handle the CSR critical incidents and utilize this experience in enforcing the CSR activities. The study concluded that CSR should be managed by handling unexpected incidents, long term reduction of gap between stakeholders and their expectations and company performance and finally maintaining relationship with society through interplay between actor, resources and activities.

Bowen & Howard (1953), has told businesses are obliged to make and pursue those policies decisions which are desirable to social values of the community under CSR.

Bibhu parshed (2012), article presented that CSR is the face of industry face of doing trade. Bibhu said that today, corporate houses took CSR as a medium for fulfilment of profit greed, further the article explored that today companies are investing in different areas like child labour, ground water, food, education, employment etc. but nobody is aware about the essential need of world’s poor. The article suggested that profit earning is a natural fact of companies but CSR is beyond the natural and statutory obligation of the companies.

VI. DATA ANALYSIS AND INTERPRETATION

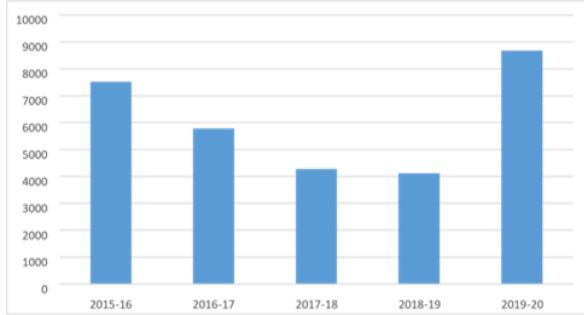
This study is analytical in nature and the sample selected for the study is the Tata Steel Company. Secondary data have been used to conduct the study. The data for the analysis was collected from the annual reports of the mentioned company. Reports are collected from the official website of Tata Ltd. Annual reports from the financial year 2015-16 to 2019-20 were analysed for the study about CSR activities conducted in Tata steel company.

Table 4.1:- Table showing the average net profit for the last three financial years.

Years	Amount ₹(crore)
2015-16	7518
2016-17	5789.77
2017-18	4280.96
2018-19	4120.15
2019-20	8676.66

[Source: compiled from annual report]

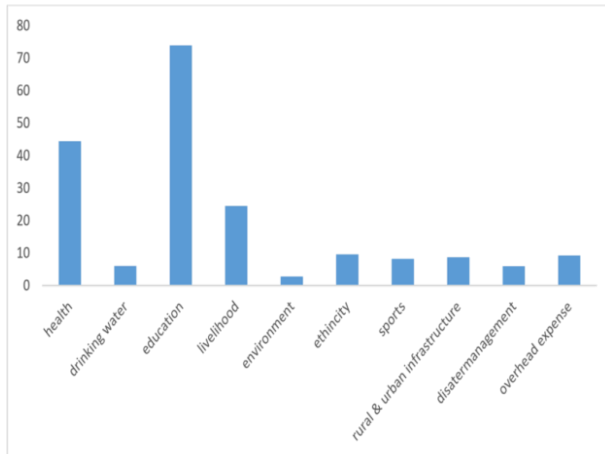
While analysing the table it found that in the year 2019-20 the average net profit for the last three financial year is 8676.66. And in 2018-19 it is 4120.15. When it comes to the year 2017-18 it becomes 4280.96. And in 2016-17 it is 5789.77. In 2015-16 the average net profit is 7518 Average net profit for the last three financial year is very high is 2019 20 ₹ 8676.66.



Graph 4.1:-Graph showing the average net profit of last three financial years

Table 4.2:-Table showing contribution made to each sector during the year 2018-19

Sectors	Amount	Percentages%
Health	168.94	53.64%
Drinkingwater	9.75	3.09%
Education	66.52	21.12%
Environment	2.63	0.83%
Ethnicity	8.06	2.55%
sports	10.19	3.23%
Rural&urban	19.72	6.26%
Livelihood	18.35	5.82%
Overhead expenses	10.78	3.42%



Graph 4.2:-Graph showing contribution made to each sector during the year 2018-19

VI.FINDINGS:

- In the year 2019-20 the average net profit for the last three financial year is 8676.66. And in 2018-19 it is 4120.15. When it comes to the year 2017-18 it becomes 4280.96. And in 2016-17 it is 5789.77. In 2015-16 the average net profit is 7518.

Average net profit for the last three financial year is very high is 2019-20 ₹ 8676.66.

- In the year 2019-20 prescribed CSR expenditure is 173.53 and in 2018-19 it is 82.40. In the year 2017-18 it becomes 85.62. In the year of 2016-17 the expenditure amount becomes 115.80 and in 2015-16 it is 150. Since average net profit is high in 2019-20, prescribed CSR expenditure is also high in 2019-20.
- Total amount spend by the company on CSR activities in year 2019-20 is 192.99. And in the year 2018-19 it is 314.94. Amount spend in the year 2017-18 is up to 231.62. when it comes to 2016-17 it becomes 193.61. In 2015-16 it is 204. Total amount spend is high during the year 2018-19 ₹314.94.
- Company has contributed more than the prescribed CSR expenditure to each sector in each year.
- Social involvement of business would enhance a harmonious and healthy relationship between the society and business seeking mutual benefit for the both.

VII. SUGGESTIONS

There is a need to ensure more active participation of all the stakeholders in decision making process of CSR activities and decision should be made on the basis of felt needs of the beneficiaries and other stakeholders.

- More focus should be given on innovation and sustainability of the project /programme/activities like environment, Self Help Groups women empowerment etc. And efforts should be made to add new aspects whenever required and all the concern must be get involved actively.
- Time to time need assessment and impact assessment studies regarding the existence Programmes and activities should be conducted keeping in view the changing needs and nature of the problems.
- At present CSR activities has been done on the basis of community needs which is compared with the policy of organization. This limits the scope of intervention and end to end solution to the community issues rather than just providing the fund for the equipment or for construction. So, it is suggested that, there is a scope of making

complete action plan with soft activities, which can provide sustainable work.

VIII. CONCLUSION

For bringing back and maintaining the general balance in the economic and social arena it is evident to think deeply and act wisely about CSR. Every business house owe some responsibility towards the society, nation and world in general which provide it with all human, material and natural resources. Considering the long run growth and sustainable development following the norms of CSR , devising new policies and effective implementation is inevitable to bring and sustain a balance between corporate world and society, present generation and upcoming generation, man and nature . As far as the Tata group is concerned, it has gone a long way in fulfilling its duty and responsibility towards the society and the nation. It has reached the masses to elevate their lives, to nurture their dreams and to hone their skills justifying the statement of the founder —We do not claim to be more unselfish, more generous and more philanthropic than other people. But we think we started on sound and straightforward business principles, considering the interests of the shareholder, our own, and the health and welfare of the employees, the sure foundation of our prosperity.

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