

# **Competitive Advantage as a Factor Dependent on Sound CSR Policy: A Case Study of Tata Steel Limited**

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## **Abstract**

The concept of CSR had always been part of Indian business tradition and existed even before the industrial revolution in India in 20th Century, and manifested itself in practice and core philosophical thoughts. The paper is an attempt to review the CSR initiatives of one of India's first and fully-integrated steel plant, Tata Steel Limited. The vision of the Company is to improve the quality of life of the employees and the communities that it serves. Tata Steel Ltd, established in 1907, is a conscious Corporate Citizen and is committed to improving the quality of life of its employees and also of the citizens residing in and around the Steel Works in Jamshedpur and the various out locations scattered in different states in the country as well as abroad. These dual interventions in workplace and community have a far reaching impact.

The objective of the paper is to address the relationship between competitiveness and CSR, and analyze the reasons how attempts to establish how ethical behavior can help a company survive in highly competitive markets. Through a case study method the paper tries to establish the importance of CSR as USP in the dynamic business environment. The findings describe how a number of progressive, socially responsible actions have helped the company thrive in competitive environments by forming commitments and trust relationships with stakeholders.

*Key Words: CSR, Competitive Advantage, Unique Selling Proposition, Ethics, Stakeholders*

# **Competitive Advantage as a Factor Dependent on Sound CSR Policy: A Case Study of Tata Steel Limited**

## **Introduction**

The role of company by and large has been understood in terms of a commercial business model that concentrates purely on economic parameters of success. Traditionally businesses are seen as a means to cater to the market demand by providing products and services and have the obligation for creating wealth and jobs. Therefore the market position of companies are said to be merely a function of financial performance and profitability. But, over the past few years, due to globalization and pressing ecological issues, the perception of the role of companies in the broader societal context within which it operates, has undergone a paradigm shift. Today the role of business house is defined taking into account their broader responsibility towards society and environment, beyond economic performance. Rigorous evaluation of whether they are conducting their role in an ethical and socially responsible manner is done by the stakeholders. This shift from purely economic to 'economic with an added social dimension' has forced the companies to take up corporate social responsibility that defines an organization's commitment to the society and the environment within which it operates.

CSR is fast emerging as a global business standard. There is a concentrated global effort towards by companies to reinforce CSR programs and initiatives. The challenge today in this dynamic competitive environment is to make business profitable in today's markets by creating and sustaining a strong CSR policy. Socially responsible companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. There is a need to integrate the economic, social and environmental impact in all business operations to create sustainable economic growth, focus on stakeholder management and manager's accountability to all the stakeholders, and commit to go over and above explicit legal requirements to respect the implicit social contract between business and society so that the firm's "license to operate" goes with social responsibility to create sustainable value for all its stakeholders. In broad terms, CSR relates to responsibilities corporations have towards society within which they are based and operate. In an increasingly

fast-paced global economy, CSR initiatives enable companies to engage in more meaningful and regular stakeholder dialogue and thus be in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may occur. There is a drive to create a sustainable global economy where markets, labor and communities are able to function well together and companies have better access to capital and new markets.

Further, in an economy where companies strive for a unique selling proposition to differentiate themselves from their competitors, CSR initiatives helps in building a stronger brand that resonates with key external stakeholders namely the customers, society and the government. At the same time businesses are realizing that adopting an effective approach to CSR can open up new opportunities, and increasingly contribute to the companies' ability to attract passionate and committed workforces. CSR can help to boost the employee morale in the organization and create a positive brand-centric corporate culture in the organization.

Since a Company's reputation is intrinsically connected with how well they consider the effects of their activities on those with whom they interact. If they fail to involve parties, affected by their activities, it may put at risk their ability to create wealth for themselves and society therefore, in terms of business, CSR has become a strategic need for firms by which they can succeed in their business endeavors. CSR is important to profitability and can prevent the loss of customers, shareholders, and even employees. The paper is an attempt to review the CSR initiatives of one of India's first and fully-integrated steel plant, Tata Steel Limited. The objective of the paper is to address the relationship between competitiveness and CSR, and analyze the reasons how attempts to establish how ethical behavior can help a company survive in highly competitive markets. Through a case study method the paper tries to establish the importance of CSR as USP in the dynamic business environment. The findings describe how a number of progressive, socially responsible actions have helped the company thrive in competitive environments by forming commitments and trust relationships with stakeholders.

### **CSR: A Review of Literature**

The need for companies to undertake activity that might be regarded as socially responsible has been discussed in the literature and has been a topic of academic study for decades (Heald, 1957,

cited in Ullmann, 1985). Cannon (1992) identifies that the primary role of business is to produce goods and services that society wants and needs; however there is inter-dependence between business and society in the need for a stable environment with an educated workforce. CSR is “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” This implies the need for the companies to integrate the economic, social and environmental impact in all business operations to create sustainable economic growth, For this there is a need to focus on stakeholder management and manager's accountability to all the stakeholders, and a commitment to go over and above explicit legal requirements to respect the implicit social contract between business and society so that the firm's “license to operate” goes with social responsibility to create sustainable value for all its stakeholders.

Whether or not business should undertake CSR depends solely upon the economic perspective of the firm that is adopted. For the proponents of the neo-classical view of the firm; the only social responsibilities to be adopted by business are the provision of employment and payment of taxes. (Milton Friedman 1962). An alternative view of the firm following the behavioral theorists (Cyert and March, 1963; cited in Wartick and Wood, 1998) views corporate social activity from a standpoint that examines the political aspects and non-economic influences on managerial behavior. Holmes (1976), in a study of executive attitudes to social responsibility, finds that the strongest response was that “in addition to making a profit, business should help to solve social problems whether or not business helps to create those problems even if there is probably no short-run or long-run profit potential”. In effect some take the view that because business has resources and skills there is a quasi-moral obligation to be involved.

Proponents of CSR claim that it is in the enlightened self-interest of business to undertake various forms of CSR. The forms of business benefit that might accrue would include enhanced reputation and greater employee loyalty and retention. We can identify this approach in some of the current approaches by business. According to the introductory section of the recent report by the World Business Council for Sustainable Development on Corporate Social Responsibility (WBCSD, 1999) used phrases such as “business benefits”, “could destroy shareholder value”, “control risks”, “identify market opportunities”, “improving reputation” and “maintaining public support”. This analysis is

supported by a recent study in Australia of motivations by business for community involvement (CCPA, 2000). The study finds that Australian business is "experiencing a transition in expectations of its social role", but part of the reason is that this social role "contributes to the continuing health and growth" of business. Three-quarters of the companies studied have "the goal of long-term business sustainability at the heart of the 'business case' for community involvement". The involvement "is a way to maintain trust, support and legitimacy with the community, governments and employees". A further 10 per cent of the companies studied claim that community involvement is a way to "put back" without seeking a return and 10 per cent see their social obligations as "met exclusively by returning value to their shareholders". Thus we can see three broad strands of: enlightened self-interest; a moral approach linked to social expectations; and the neo-classical approach. The reference to social legitimacy implies that there is some form of social expectation that a legitimate business would act in a particular manner in effect some form of social contract. Thus, in broad terms, CSR relates to responsibilities corporations have towards society within which they are based and operate, not denying the fact that the purview of CSR goes much beyond this. CSR is a commitment of a company to manage its various roles in society, as producer, employer, customer and citizen in a responsible manner. Of late, the term has also been started to link up with Triple Bottom Line Reporting (TBL) which essentially measures an enterprise's performance against economic, social and environmental indicators.

CSR continues to be an evolving concept, with no single definition that is universally accepted. Philip Kotler and Nancy Lee (2005) define CSR as "a commitment to improve community well being through discretionary business practices and contributions of corporate resources" whereas Mullen Baker refers to CSR as "a way companies manages the business processes to produce an overall positive impact on society." According to Archie Carroll CSR as a multi layered concept that can be differentiated into four interrelated aspects – economic, legal, ethical and philanthropic responsibilities. Whether pursued as a voluntary corporate initiative or for legal compliance reasons, CSR will achieve its intended objectives only if businesses truly believe that CSR is beneficial to them. This implies that CSR is a link to sustainable development as businesses feel that there is a need to integrate social, economic and environmental impact in their operation and is a means to gain competitive advantage.

The rationale for CSR has been articulated in a number of ways. The theoretical literature typically distinguishes between three different approaches to the question of what organizations are responsible for and motivated by. The classical view is that “the social responsibility of business is to increase its profits” (Friedman, 1970). The prime interest of owners of a business is profit maximization which is also the turning point of the decisions made by the company. Social responsibility is considered to be primarily the responsibility of the government. Classical approach also covers companies which primarily consider social responsibility as something which contributes to attaining the goals of the company, here in the form of long-term value creation for the owners of the company. The second perspective is the stakeholder perspective which says that companies are not only accountable to the owners of the company, but also to the stakeholders. The argument is that stakeholders influence the activities of the company and/or are influenced by the activities of the company (Freeman, 1984). The broadest approach to social responsibility is the societal approach in which companies are considered to be responsible to society in general. The view is that companies are part of society. They need a “license to operate” from society (Committee for Economic Development, CED, 1971). Today companies representing this approach are characterized as “good corporate citizens” (Waddock, 2004).

In essence, CSR can be said to be a vehicle for building sustainable businesses. Also, as a consequence of cross-border trade, multinational enterprises and global supply chains, there is an increased awareness on CSR concerns. Reporting on the CSR activities by corporate is therefore increasingly becoming mandatory. In an increasingly fast-paced global economy, CSR initiatives enable corporate to engage in more meaningful and regular stakeholder dialogue and thus be in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may occur. Globally companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment. Consumers and society in general expect more from the companies whose products they buy. This is coherent with believing the idea that whatever profit is generated is because of society, and hence mandates contributing a part of business to the less privileged. Further, in an economy where corporates strive for a unique selling proposition to differentiate themselves from their competitors, CSR initiatives enable corporate to build a stronger brand that resonates with key

external stakeholders— customers, general public and the government. Businesses are recognizing that adopting an effective approach to CSR can open up new opportunities, and increasingly contribute to the corporates' ability to attract passionate and committed workforces. Large number of studies revealed that CSR plays a role in consumers, brand and product evaluation, and customer satisfaction (Asher,1991;Brown and Dacin,1997;Handelman and Arnold,1999;Klein and Bronn and Vrioni ,2001;Dawar, 2004;Peterson and Hermans ,2004;Luo. X & Bhattacharya. C.B., 2006). Moreover, the role of CSR in supporting marketing function is revealed by a study which claims that when price and quality are perceived as equal many customers tend to favour socially responsible companies and products(Bronn and Vrioni ;2001).

There is an argument that firms use CSR related programmes for public relations ends and that raises moral problems over the real motivation of firms (L'Etang 1994). Bronn and Vrioni (2001) have explored as to how companies use CSR in their marketing communication activities. They found that the changing attitudes of customers support companies in making marketing increasingly relevant to the society.

Corporate in India are also realizing that their reputation is intrinsically connected with how well they consider the effects of their activities on those with whom they interact. Wherever the corporates fail to involve parties, affected by their activities, it may put at risk their ability to create wealth for themselves and society. Therefore, in terms of business, CSR is essentially a strategic approach for firms to anticipate and address issues associated with their interactions with others and, through those interactions, to succeed in their business endeavors. The idea that CSR is important to profitability and can prevent the loss of customers, shareholders, and even employees is gaining increasing acceptance. Further, CSR can help to boost the employee morale in the organization and create a positive brand-centric corporate culture in the organization.

## **Objective**

The objective of the paper is to address the relationship between competitiveness and CSR, and analyze the reasons how attempts to establish how ethical behavior can help a company survive in highly competitive markets.

## **Methodology**

Through a case study method the paper tries to establish the importance of CSR as USP in the dynamic business environment.

### **Tata Steel Limited: A Case Study**

Backed by 100 glorious years of experience in steel making, Tata Steel is among the top ten steel producers in the world with an existing annual crude steel production capacity of 30 Million Tonnes Per Annum (MTPA). Tata Steel Ltd, established in 1907, is India's first and fully-integrated steel plant located in Jamshedpur, having employee strength of over 42,000. It is the first integrated steel plant in Asia and is now the world's second most geographically diversified steel producer and a Fortune 500 Company. Tata Steel has a balanced global presence in over 50 developed European and fast growing Asian markets, with manufacturing units in 26 countries. Tata Steel's Jamshedpur (India) Works has a crude steel production capacity of 6.8 MTPA which is slated to increase to 10 MTPA by 2010. The Company also has proposed three Greenfield steel projects in the states of Jharkhand, Orissa and Chhattisgarh in India with additional capacity of 23 MTPA and a Greenfield project in Vietnam. Through investments in Corus, Millennium Steel (renamed Tata Steel Thailand) and NatSteel Holdings, Singapore, Tata Steel has created a manufacturing and marketing network in Europe, South East Asia and the pacific-rim countries. Corus, which manufactured over 20 MTPA of steel in 2008, has operations in the UK, the Netherlands, Germany, France, Norway and Belgium.

Tata Steel Thailand is the largest producer of long steel products in Thailand, with a manufacturing capacity of 1.7 MTPA. Tata Steel has proposed a 0.5 MTPA mini blast furnace project in Thailand. NatSteel Holdings produces about 2 MTPA of steel products across its regional operations in seven countries. Tata Steel, through its joint venture with Tata BlueScope Steel Limited, has also entered the steel building and construction applications market.

The iron ore mines and collieries in India give the Company a distinct advantage in raw material sourcing. Tata Steel is also striving towards raw materials security through joint ventures in Thailand, Australia, Mozambique, Ivory Coast (West Africa) and Oman. Tata Steel has signed an agreement with Steel Authority of India Limited to establish a 50:50 joint venture



company for coal mining in India. Also, Tata Steel has bought 19.9% stake in New Millennium Capital Corporation, Canada for iron ore mining.

Tata Steel's vision is to be the global steel industry benchmark for Value Creation and Corporate Citizenship. Tata Steel India is the first integrated steel company in the world, outside Japan, to be awarded the Deming Application Prize 2008 for excellence in Total Quality Management. World Steel Dynamics has ranked Tata Steel as the world's best steel maker (for two consecutive years) in its annual listing in February 2006. Tata Steel has been conferred the Prime Minister of India's Trophy for the Best Integrated Steel Plant five times. It has been awarded Asia's Most Admired Knowledge Enterprise award five times in 2003, 2004, 2006, 2007 and 2008.

## **Products**

Tata Steel's Jamshedpur Works produces hot and cold rolled coils and sheets, galvanized sheets, tubes, wire rods, construction rebars and bearings. In an attempt to 'decommoditise' steel, Tata Steel has introduced brands like Tata Steellium (the world's first branded Cold Rolled Steel), Tata Shaktee (Galvanized Corrugated Sheets), Tata Tiscon (re-bars), Tata Bearings, Tata Agrico (hand tools and implements), Tata Wiron (galvanized wire products), Tata Pipes (pipes for construction) and Tata Structura (contemporary construction material). Apart from these product brands, the company also has in its folds a service brand called "steel junction". Corus' main operating divisions comprise Strip Products, Long Products and Distribution & Building Systems Division. The NatSteel group produces construction grade steel such as rebars, 'cut-and-bend' cages for construction, mesh, precast bore pile, PC wires and PC strand. Tata Steel Thailand produces round bars and deformed bars for the construction industry.

## **Corporate Sustainability**

Regarded globally as a benchmark in corporate social responsibility, Tata Steel's commitment to the community remains the bedrock of its hundred years of sustainability. Its mammoth social outreach programme covers the company-managed city of Jamshedpur and over 800 villages in and around its manufacturing and raw materials operations through uplift

initiatives in the areas of income generation, health and medical care, education, sports, and relief.

The Company, fully conscious of its responsibilities to the future generations, has always taken pro-active measures to ensure optimum utilization of natural resources. This is reflected in the ISO-14001 certification that all its operations have achieved for environment management. The SA 8000 certification for work conditions and improvements in the workplace at the steel works in Jamshedpur, along with its Ferro Alloys and Minerals Division, is a reiteration of its commitment towards the Company's employees. Tata Steel has pioneered numerous employee welfare measures such as the 8 hours working day and the three tier joint consultation system of management which have been the platform for nearly 80 years of industrial harmony in its Steel Works in Jamshedpur. Tata Steel India awarded the Deming Application Prize 2008 for excellence in Total Quality Management. It is the first integrated steel company in the world, outside Japan to get this award. Tata Steel was conferred the prestigious Global Business Coalition Award for Business Excellence in the Community in recognition of its pioneering work in the field of HIV/ AIDS awareness.

In addition, Tata Steel works has been conferred the prestigious social accountability (SA) 8000 certification by Social Accountability International (SAI), USA. It is the first steel company in the world to receive this certificate. Tata Steel won "Award for Corporate Social Responsibility in Public health" by US- Indian Business Council (USIBC), Population Services International (PSI) and the center for Strategic and International Studies (CSIS) in 2007.

### **Corporate Social Responsibility Policy**

Tata Steel believes that the primary purpose of the business is to improve the quality of life of people. Tata Steel will volunteer its resources to the extent it can reasonable afford, to sustain and improve healthy and prosperous environment and to improve the quality of life of the people of the area in which it operates. With the Vision “To improve the quality of life of the employees and the communities we serve” and as a conscious Corporate Citizen, Tata Steel Ltd is committed to improving the quality of life of its employees and also of the citizens residing in and around the Steel Works in Jamshedpur and the various out locations scattered in different

states in the country as well as abroad. These dual interventions in workplace and community have a far reaching impact. This responsible corporate citizenship is reinforced by the organization by being a signatory to Global Compact and accepting and practicing the “Ten Principles” in total as well as being a Member of Global Business Coalition on HIV/AIDS.

### **CSR activities:**

For Jamsetji Tata, the progress of enterprise, welfare of people and the health of the enterprise were inextricably linked. Wealth and the generation of wealth have never "been ends in themselves, but a means to an end, for the increased prosperity of India," The Times of India said in 1912 of the Tatas. Successive generations of Tata Group leaders have always held the belief that no success in material terms is worthwhile unless it serves the interest of the nation and is achieved by fair and honest means.

Conscious that the task of social progress, especially in a country as diverse as India, cannot be undertaken by the Government alone, J R D Tata the Chairman of the Tata Group from 1938 to 1991, believed that, "to create good working conditions, to pay the best wages to its employees and provide decent housing to its employees are not enough for the industry, the aim of an industry should be to discharge its overall social responsibilities to the community and the society at large, where industry is located."

Guided by this mandate, Tata Steel has for decades used its skills and resources, to the extent it can reasonably afford, to give back to the community a fair share of the product of its efforts. It was the first to establish labour welfare practices, even before these were made statutory laws across the world. In 1912 it invited Sidney and Beatrice Webb, the Founders of the London School of Economics, to prepare a Memorandum of Health for the Steel City. The Company also instituted an eight-hour workday in 1912, free medical aid in 1915, a Welfare Department in 1917, leave with pay, Workers Provident Fund and Workmen's Compensation in 1920 and Maternity Benefit for ladies in 1928. With the understanding that the hunger for employment can never be satisfied despite its best efforts, the Company took an enlightened decision to address the needs of those who migrated to its vicinity in search for employment. It

first stimulated entrepreneurship and economic development in the Steel City and then reached out to the rural poor, empowering them with the means to create better livelihoods within their own villages.

At the same time, Tata Steel also fulfilled their basic need for health care, food security, education and income generation through the development of rural infrastructure, empowerment and community outreach programmes. By virtue of the extent of its demonstrated commitment for decades, through the beliefs and values it has acted upon, the resources it has deployed, the wealth it has shared as well as the many "firsts" it has achieved through socio-economic programmes, Tata Steel is India's acknowledged Corporate Social Responsibility leader and is recognised as a most humane organisation. Every lesson learned, every piece of knowledge gathered, the Company offers to all those who wish to work alongside it to "improve the quality of life of the communities it serves."

## **Education**

Tata Steel has influenced the integration of tribals in the economy in a less obvious and immediate way by propping up the education of tribal children and youth of various ages and at various stages of their academic career. Infants and toddlers are prepared for formal schooling in the informally run crèches/nurseries. The drop out rate of tribal students in schools and colleges has been checked with financial assistance and sponsorships. The TCS bears the entire expense of two tribal students who secure admissions for management education at the Tata Institute of Social Sciences. It also coaches students for entrance into administrative, technical and the public services. An unusual project called Sahyog, implemented in five schools, helps tribal students to develop self-esteem and plan their future. The Xavier Institute for Tribal Education near Jamshedpur has also been supported by Tata Steel to produce professionally trained personnel.

**Preservation of Tribal culture:** Efforts to support tribals may well leave them at the doorstep of development without a sense of belongings and their cultural heritage. With a view to helping the tribal population preserve its rich inheritance, Tata Steel has set up the Tribal Culture Centre (TCC) at a cost of Rs 35,00,000. This Centre showcases the tribal legacy of four major and five

minor tribes of Jharkhand and Orissa and evokes a lot of interest amidst scholars, researchers and even laypersons. TCC not only documents relevant research but also enables the continuation of the tradition by sharing it with the youth and non-tribals. Additionally, a Santhali Language Laboratory has also been initiated in the Centre since 2002-03. The centre was instrumental in reviving the now almost forgotten 'Kati' - a game played between two teams that attempt to score points by hitting the opponent's Kati - a semicircular piece of wood by a long wooden stick using their feet. Known to be a game that used to be played by youths in non agricultural season, it tests the team spirit, physical strength and concentration levels of the players.

**Income generation for tribals:** In order to help tribals address their basic needs in a self-reliant and sustainable way, Tata Steel has long been involved with increasing the agricultural productivity for them in the rural areas through assured irrigation. Tata Steel, holding the belief that the tribals know best for themselves, has assisted in the formation of many Self Help Groups (SHGs). These SHGs enable the tribals to arrange for credit and engage in micro-enterprises like making Dokra items, carpet weaving, terracotta, paper bag making, mat making, food processing, poultry, mushroom farming, piggery, pisciculture and floriculture. Tata Steel provides these groups with training, networking and assistance in marketing.

For making a long term impact on the prospects of the tribals, the Company has given them vocational training in areas like basic computer operation, software management, shorthand, typing, motor driving and handling pregnancies as birth attendants.

**Health care Initiatives:** Among the most active sponsors of the Lifeline Express – a hospital on wheels- Tata Steel has endeavoured to take medical care far beyond those connected with its operations. This unique train travels at the behest of its sponsors to those parts of rural India, left untouched by modern medicine.

At Jamshedpur, the Company runs a 850-bed general hospital with a specialised Burn Centre, Dispensaries and Super Dispensaries to reach out to its employees as well as a large number of citizens across the steel city. The network of specialised medical care units it has created also fulfills the need for low cost, high quality medical care for the economically less privileged. It established the Jamshedpur Blood Bank to provide safe blood to those in need and

has very successfully promoted a culture of voluntary blood donations. At its out locations the Company has set up hospitals, which cater to the healthcare needs of people from the surrounding rural areas. The doctors and para medical staff of its hospitals as well as the dedicated staff of its social welfare arms have also taken health care awareness including eye care, tuberculosis treatment, general health awareness, HIV/AIDS Awareness and Mother and Child survival programmes to a large number of villages and communities.

Through the efforts of the Tata Steel Rural Development Society (TSRDS) and the Tata Steel Family Initiatives Foundation (TSFIF), the Company covers the rural and semi-urban population through basic health care amenities. Both these social welfare arms of the Company have been building capacity through training programmes to create community based health care partners as well as grass-root volunteers. The Company has successfully changed notions of millions of villagers on water and sanitation, created a demand for better health facilities, ensured immunisation for tens of thousands and been instrumental in bringing down infant mortality rates.

Tata Steel Ltd., fully mindful of its role, promptly mobilised its resources and evolved a policy on control of HIV/AIDS. The policy is revisited every couple of years with inputs from HIV+ people, and the need of the stakeholders. It also formulated a strategy of creating mass awareness and educating the society to prevent and combat the menace of HIV/AIDS. Tata Steel Ltd's involvement vis-à-vis preventing HIV/AIDS dates back to early 1990s when the organisation realised that the disease had acquired epidemic proportions and accepted that its control or prevention was not the sole responsibility of the government. In 1994, the management of Tata Steel Ltd evolved a Corporate Sector Model to prevent STD/HIV/AIDS and constituted a Core Group – AIDS and Nodal Centre – AIDS to focus on this disease and formulate strategies for its control and prevention. The members of Core Group – AIDS comprise experts from various divisions of the company e.g., Community Development & Social Welfare Department, Centre for Family Initiatives, Personnel, Tata Steel Rural Development Society, Tribal Cultural Society, Public Health & Medical Division as well as invitees from local governmental and private organisations. Each year International Candlelight Memorial and World AIDS Day are observed to express solidarity with those affected by HIV/AIDS. Testimony to Tata Steel Ltd's commitment to prevent and check HIV/AIDS disease is amply

provided by the adoption of practice of non-discrimination between HIV infected employees and other employees. The Company firmly believes that by continuously informing and educating various levels of society, adequate awareness can be built in the community, which in turn would take appropriate preventive measures against the disease. There is no pre-employment screening for HIV status. Confidentiality of HIV+ employees is maintained with continuation of their employment. They are re-located to assignments that are best suited to their physical ability and continue till they are medically fit to work. Comprehensive counseling, treatment and care including the Preventing Parent To Child Transmission Plus program is provided through all health centers of Tata Steel such as: Tata Main Hospital, an 850-bed modern specialty hospital and has an Out-patients Department in all specialties and provides “treatment without discrimination” to all positive people. All HIV+ employees or their dependents are provided with HAART free of cost by the Company. A “Single window” health delivery concept, Sneh Kendra, was started to provide care and support to those affected by STI/HIV/AIDS. All cases detected HIV+ and their family members are finally referred here by above-mentioned agencies for ongoing support. The family members of these patients regularly come for counseling, group support and life skills training.

Jamshedpur Blood Bank encourages voluntary blood donation which ensures availability of “safe blood. The first corporation in the country to launch a family welfare programme, Tata Steel has been promoting controlled family planning since the 1950s. Through the innovative use of communication media, motivational programmes have extremely successfully broken the barriers of prejudice and myths to bring about the participation of communities, in even those which do not readily accept family planning.

Jamshedpur today is a leader in demographic indices in the country. For the past 16 years, Tata Steel Family Initiatives Foundation (TSFIF) - formerly the Family Planning Department - has been reaching out to the Community in Jamshedpur with Family Planning and Reproductive Health Services. It covers a heterogenous population of over 10,00,000 including adolescents and youth, industrial workers, bustee dwellers and those from the indigenous tribes of the area. Now it is in the process of reauthoring its role, so as to extend both its capability and services into emerging sectors of need. Tata Steel’s other ongoing programs include: Mother and Infant Survival Programme Population Stabilisation, Operation Muskaan for cleft lips and

palates "YARS" - Youth and Adolescent Reproductive Services, Specifically targeted programmes on HIV and AIDS, Project "WATSAN" for Water and Sanitation Free Health Checkups for Women at Surya Clinics.

**Environment:** Tata Steel believes that environment management is integral to sustainable business. The company's commitment in this area can be further gauged from the fact, that Tata Steel is the first company in the country to be conferred ISO-14001 Certification for its main steel works and utility services in Jamshedpur

All its mines and collieries are also ISO-14001 Certified for environmental management. Tata Steel's collieries and mines which support the 'Save Forests' campaign are a benchmark in environment management. Further augmenting its commitment in this field, Tata Steel, has planted 1.5 million surviving trees as a part of the "Green Millennium" campaign. It may be worth mentioning that Jamshedpur has the best tree cover in the country.

Tata Steel was awarded the coveted The Energy & Resources Institute (TERI) Award for Corporate Social Responsibility (CSR) 2002-03 in recognition of corporate leadership for good corporate citizenship and sustainable initiatives.

## **Findings**

Tata Steel is a leader in Corporate Citizenship, and has since its inception lived up to its social responsibilities. It has for long supported and championed the cause of education, environment, poverty alleviation, population control, etc. Tata Steel is committed to returning to the community the resources that it takes for its business processes. Thus a considerable part of its profits are earmarked for upliftment of the communities near its operation with the objective of improving the quality of life of the people. Some of the welfare and social initiatives taken by Tata Steel were launched well before they were implemented by the Government.

The social welfare activities carried out by Tata Steel include rural development, tribal welfare, local community initiatives, family health and population control, AIDS awareness, encouraging youth in sports and providing sports facilities and providing relief in any part of the



country at the time of national calamity. Tata Steel is the only Indian company to have pledged to translate the Global Compact Principles on human rights, labour and environment into practice. The Tata group has long accepted the idea that CSR makes business sense. This was realized by JN Tata way back in 1895, when he stated, "We do not claim to be more unselfish, more generous or more philanthropic than others, but we think we started on sound and straightforward business principles considering the interests of the shareholders, our own and the health and welfare of our employees... the sure foundation of prosperity." Since inception, the Tata Steel has placed equal importance on maximizing financial returns as on fulfilling its social and environmental responsibilities - popularly known as the triple bottom line. After decades of corporate philanthropy, the efforts of the group in recent years have been directed towards synchronization of the Triple Bottom Line (TBL). Through its TBL initiative, the Tata Steel aimed at harmonizing environmental factors by reducing the negative impact of its commercial activities and initiating drives encouraging environment-friendly practices. In order to build social capital in the community, the group has got its senior management involved in social programs, and has encouraged employees to share their skills with others and work with community-based organizations. Considered as pioneers in the area of CSR, the Tata Steel has played an active role in nation building and socio-economic development since the early 1900s. A survey conducted by the website [www.indianngos.com](http://www.indianngos.com) revealed that Tatas spent Rs. 1.5 billion on community development and social services during the fiscal 2001-02 - the highest by any corporate house in India. Even when economic conditions were adverse, as in the late 1990s, the financial commitment of the group towards social activities kept on increasing, from Rs 670 million in 1997-98 to Rs 1.36 billion in 1999-2000.

From its inception, the Tata group has taken up a number of initiatives for the development of society. A unique feature of the group is that 63 percent of the equity capital of the parent firm - Tata Sons Limited - is held by Tata trusts, which are philanthropic in nature. According to a statement on the Tata group's website ([www.tata.com](http://www.tata.com)), "The wealth gathered by Jamsetji Tata and his sons in half a century of industrial pioneering formed but a minute fraction of the amount by which they enriched the nation. It has been shown by the Tatas that CSR is an essential condition for such social contract. What is good for business should be good for society and what is good for society should be good for business. Maximisation of self-interest and

social well-being are not mutually exclusive concepts and the notion of ‘doing well by doing well’ is practiced by Tata Steel Limited. It has indeed a well woven strategy for gaining competitive advantage by undertaking CSR activities and sustaining the competition by establishing itself as a socially responsible company in the minds of stakeholders.

### **Limitations and Further Research**

The paper offers new insights on the concept of CSR in one of the leading organizations in India. Additionally, relating of CSR for gaining competitive advantage is also novel. But nevertheless there are a number of limitations with the present research which may be redressed in further research studies. The case study design does not make possible empirical generalizations. Therefore, further research should focus on generalizing the findings and evaluating it in empirical settings. Also, the conclusions from this study are limited to India. Clearly, there are different market conditions that prevail across international markets future studies may test the generisability of the findings by examining these issues in other Companies in India and abroad. Future studies may expand their scope to examine views of stakeholders namely society, management, suppliers, customers, government, and employees who are the key players as this would significantly strengthen research results and thus greatly contribute to our interpretation and understanding of CSR as a vehicle for gaining competitive advantage.

This study has addressed an area that has not been awarded sufficient attention in the literature on CSR. While the findings from the study should be considered in the context of several limitations, nonetheless it is anticipated that they provide some valuable insights that will contribute to knowledge on the nature of the relationship between CSR and competitive advantage. The study has implications for academicians, researchers and business houses as it gives in depth insights about the Company’s CSR measures. Further studies could be done by taking view of the stakeholders of the Company.

### **Conclusion**

The role of corporate has been understood in terms of a profit-making business paradigm of philosophy that focuses purely on economic parameters of success. As corporate have been viewed as institutions that cater to the market demand by providing products and services, and

have the responsibility for creating wealth and jobs, their market position has conventionally been a function of financial performance and profitability. However, over the past few years, as a result of rising globalization the perception of the role of corporate in the broader societal context within which it operates, has undergone a paradigm shift. Companies across the world are redefining the role of corporate, taking into account the broader responsibility towards society and environment, beyond economic performance, and are evaluating whether they are conducting their role in an ethical and socially responsible manner. CSR is now being looked at as a unique selling proposition which can help combat competition in the minds of consumers. It is being realized that CSR can play a decisive role in building customer loyalty based on distinctive ethical values. In the same line of thought, making a global benchmark for CSR and a pioneer of the concept in India, the Tata group has adopted social responsibility as one of its integral values and the group has made concerted efforts to link it with the group's overall strategy for achieving business excellence.

In words of Jamsetji N. Tata, Founder, Tata Group; "In a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence". The Company through CSR initiatives has been actively involved in facilitating the development of this concept in India by setting standards and benchmarks. The dedicated CSR efforts by various Tata group companies have been globally recognized as evident through this case study. The present study's first contribution to existing knowledge has been analyzing how CSR affects organizational practice. In this regard, the study has offered an analytical perspective and breaks new ground in linking CSR to the enhancement of competitive advantage. This article has reviewed a broad understanding of what is meant by corporate social responsibility and how and why business might undertake such behavior. Whether actions by business that provide business benefits are ultimately regarded as socially responsible by stakeholders is a question that remains open.

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