

CORPORATE SOCIAL RESPONSIBILITY: A CASE STUDY OF TATA MOTORS

Dr Sumedha Vikram Khanna*

*Assistant Professor,
PG Department of Commerce,
Sri Guru Gobind Singh College,
Sector -26, Chandigarh, INDIA
Email id: sumedha.sggs@gmail.com

ABSTRACT

Tata Motors Limited is India's largest automobile company, has 81,811 employees and are guided by the mission "to be passionate in anticipating and providing the best vehicles and experiences that excite our customers globally. "Established in 1945, Tata Motors' presence cuts across the length and breadth of India Tata Motors Limited is a part of Tata Group. The company employed a modular design to not just keep costs down but allow the car to be tailored to the needs of customers. This way the car can be shipped in kits to assembly sites, put together according to customer specifications (with quality assurance by Tata Motors' staff) and sold.

KEYWORDS: *Passionate, Corporate, Revenue, Employees, Anticipating, Commercial.*

INTRODUCTION

Tata Motors Limited is India's largest automobile company, with consolidated revenue of around 3.5 trillion Indian rupees in the financial year 2023. It is the leader in commercial vehicles in each segment, and among the top in passenger vehicles with winning products in the compact, midsize car and utility vehicle segments. The Tata Motors Group's has 81,811 employees and are guided by the mission "to be passionate in anticipating and providing the best vehicles and experiences that excite our customers globally. "Established in 1945, Tata Motors' presence cuts across the length and breadth of India Tata Motors Limited is a part of Tata Group. The organization was founded by **Jamshed Ji** Tata. The company was established in 1945 as a locomotive manufacturing unit. It tied-up with Daimler-Benz and entered Commercial vehicle segment in 1954. In 1992, it entered Small vehicle segment.

BUSINESS MODEL

While the company spends considerable effort in identifying the next avenue for growth in the automotive space and making it a reality, it has also made sure that its business model moves with the times. The assembly and distribution model of the Nano is one such example. The company employed a modular design to not just keep costs down but allow the car to be tailored to the needs of customers. This way the car can be shipped in kits to assembly sites, put together according to customer specifications (with quality assurance by Tata Motors' staff) and sold.

SWOT ANALYSIS

One of most widely used strategic planning tools is the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. SWOT analysis is often used as basic guide for strategic planning. The term SWOT is the acronym made up of four words viz., Strengths, Weaknesses, Opportunities and Threats. The first two variables are internal to an organisation whereas the last two are external. In this section SWOT analysis has been conducted for Tata Motors:

Strengths

The following characteristics give Tata Motors an advantage over others.

1. **Market Leader:** It is one of the most established companies in automobile sector. Tata Motors is market leader in Automobile Industry with high market share. Tata Motors has solid financial base and is having good financial resources.
2. **Operational Excellence:** Tata Motors is a low cost automobile manufacturer with fuel efficient vehicles. Most of its offerings are at lower costs compared to its competitors and are better on fuel efficiency.
3. **Reputed Brand:** Tata Motors is the reputed brand in Indian Industry. This translates to its lower marketing and advertising costs with the new product launches.
4. **Strong R&D:** The research and development department of Tata motors is very strong.
5. **Strong Management:** Tata's management is strengthened by the collective experience of its partners and acquired companies – this includes general management, marketing, sales and operations. Also Tata has a strong and experienced leadership and management team.
6. Tata Motors has been aggressively acquiring foreign brands to increase its global presence.
7. It has a strong dealer distribution and service network
8. Good market penetration in the taxi & rental segment and Highly diversified product portfolio

Weaknesses

The following characteristics place Tata Motors at a disadvantage relative to others.

1. Although Tata is a strong brand name, Tata Motors especially in the passenger vehicle segment is not associated with strong brands. The vehicles suffer from poor design and low on quality issues especially in the domestic market. Similarly concerns about durability are also prevalent.
2. The company's passenger car products are based upon 3rd and 4th generation platforms, which put Tata Motors Limited at a disadvantage with competing car manufacturers.
3. Return on Investment on TATA motors shares in low.
4. Despite buying the Jaguar and Land Rover, Tata has not got a foothold in the luxury car segment in its domestic Indian market.
5. The Company's manufacturing practices trail competitors.

6. The company has limited international presence despite major acquisitions.
7. Also in as far as marketing campaigns are concerned there are not much customer engagement programs and activities

Opportunities

1. **Growth Opportunities:** Demographically and economically, India's automotive industry is well-positioned for growth, servicing both domestic demand and, increasingly, export opportunities. A predicted increase in India's working-age population is likely to help stimulate the burgeoning market for private vehicles. Rising prosperity, easier access to finance and increasing affordability is expected to see four-wheelers gaining volumes, although two wheelers will remain the primary choice for the majority of purchasers, buoyed by greater appetite from rural areas, the youth market and women.
2. **Consolidation and Alliances:** Domestically, some consolidation or alliances might be expected, driven by the need for access to better technology, manufacturing facilities, service and distribution networks. The components sector is in a strong position to cash-in on India's cost-effectiveness, profitability and globally-recognized engineering capabilities. Tata which has good experience in acquisitions and mergers can avail of this expected opportunity.
3. **New Segments:** The Company can enter luxury car segments as this segment is also growing rapidly and Tata has no products in these categories.
4. **Green Revolution:** In a price-conscious economy such as India's, the shift towards green vehicles will be slow unless spurred by government mandates. Although the major players are already equipped with the necessary capabilities to develop cleaner vehicles, they do not see much merit in commercializing these technologies until the green revolution gains momentum – most likely through changes in political legislation – and it achieves the market scale required for commercial viability. Electric Cars are likely to be sizeable market segment in the coming decade.
5. **New Markets:** There is an opportunity to enter third world countries with their growing population and growing incomes
6. **Vertical Integration:** Tata being a big conglomerate house, there is an ample opportunity for the firm to enter into vertical integration especially with raw material and part suppliers.
7. **Rural Market:** The automobile industry has yet to fully tap into demand from rural areas. Previously, consumers from these areas would need to go to automobile dealerships in towns and cities for their vehicle purchases. However, in recent years, market players have made overtures to rural consumers, with encouraging sales.
8. Favorable Government Policy
9. The emergence of large automotive clusters in the country: Delhi-Gurgaon-Faridabad in the north, Mumbai-Pune-Nasik- Aurangabad in the west, Chennai-Bengaluru-Hosur in the south and Jamshedpur-Kolkata in the east.
10. An R&D hub: strong support from the government in the setting up of NATRiP centres. Private players such as Hyundai, Suzuki, GM are keen to set up an R&D base in India.

Threats

1. Competing car manufacturers have been in the passenger car business for 40, 50 or more years. Therefore Tata Motors Limited has to catch up in terms of quality and lean production.
2. Since the company has focused upon the commercial and small vehicle segments, it has left itself open to competition from overseas companies for the emerging Indian luxury segments.
3. Rising prices in the global economy could pose a threat to Tata Motors Limited on a couple of fronts. The price of steel and aluminum is increasing putting pressure on the costs of production.
4. Labor Issues: Labor tensions have been haunting the auto industry. In the past also various auto manufacturers have had issues with a restive labor force in India.
5. Rising Raw Materials Costs
6. Entry of potential New Competitors from the International market. Their product innovations and frugal engineering is a threat to Indian players
7. Vulnerability to Business Cycle: The sector is vulnerable to business cycles with a majority of sales occurring in the festive season from September to November.
8. Mobility Revolution: Use of public transport in India has waned as private vehicle ownership has boomed, but increasing strain on the road infrastructure in major cities means public investment is likely in Urban Mass Mobility Schemes such as metro systems and buses.
9. Fuel Cost: Indian domestic market is faced with issues like increased in fuel costs which impacts growth of the sector.

CORPORATE SOCIAL RESPONSIBILITY AT TATA MOTORS

Tata Motors have adopted the Tata Group Affirmative Action (AA) Policy attempting to voluntarily address the prevailing social inequities in India by encouraging positive discrimination for the Scheduled Castes and Schedule Tribes(SC/ST) communities. Every year, the company participates in TAAP (Tata Affirmative Action Programme) Assessment, developed on the lines of TBEM (Tata Business Excellence Model). Proximity- linked CSR investments are implemented across locations where the company serves communities in the vicinity of its manufacturing plants and office locations. Tata Motors encourages collaboration with their stakeholders and cascade sustainable initiatives across the company ecosystem, both upstream and downstream, including inter alia subsidiaries and associate companies, channel partners – dealers and service stations and supply chain.

LEARN AND EARN PROGRAMME:

The learn and earn programme aims to provide gainful livelihood opportunities to youth. Underemployed youth – typically school dropouts, undergo certified training in Motor Mechanic Vehicle (MMV) trade which comprises of theory classes held at Technical Training Institutes coupled with practical On the Job Training(OJT) imparted at TML Service Stations. The Youth get to learn Industry relevant curriculum besides earning a monthly stipend during the training period and benefit from the Forward placement linkages built into the programme.

Uttarakhand Flood Relief Work

Tata Motors Limited contributed Rupees 4.50 Crores towards Relief and Rehabilitation of those affected by the flash floods during June 2013 to the Tata Relief Committee. In addition to this, three truckloads of relief material were immediately dispatched with the employees of the company serving as volunteers to help 500 families stranded in remote village of Pithoragarh District in Uttarakhand.

Amrutdhara

With the help of Sumant Moolgaokar Development Foundation, Tata Motors implemented the 'Amrutdhara' Initiative which aimed at providing access to safe drinking water to needy and deserving communities. Since the inception, a total of 296 drinking water projects have been implemented across the country under this initiative.

Seva

Tata Motors Limited encourages Employee volunteering through the group wide Tata Engage Initiative. TML also celebrated Tata Volunteering Week during 2014 to commemorate the 175th birth anniversary of the Founder Late Mr. J N Tata. About 6,500 employees registered themselves as CSR volunteers and more than 5200 participated in various social activities during this week. The Joy of giving week held in October 2015 also witnesses widespread Employee volunteering and contributions across manufacturing and office locations.

Vidyadhanam

Scholarship programmes were given to 37,000 children. Special coaching classes were also given to them. Tata Welfare Committee also contributed towards the improvement of the infrastructure of the schools. Co-curricular activities were also initiated for the children.

Aarogya

This scheme was initiated to address malnutrition. Preventive and curative healthcare services were started for the benefit and welfare of the people. Health awareness programmes were also conducted. More than 2,84,000 persons were benefited from this scheme.

Kaushalya

Vocational training programme named Kaushalya was started in which training was given to the budding drivers. Training was also given in automotive and technical trades, agricultural and allied activities. ITI adoption programme was started which helped in training 137 youth across India. There were more than 20,000 beneficiaries.

Vasundhara

Tree plantation programmes were initiated creating environmental awareness, soil and water conservation. Over 1,64,000 trees were planted. More the 18,500 people participated in the environmental awareness programmes.

INTERNATIONAL CSR INITIATIVES

Responsible Business of the Year

Jaguar Landrover was the first ever manufacturer to win the UK's Top CSR accolade 'Responsible Business of the Year 2013'. Being recognised for investments in UK Jobs and facilities. JLR improves its environmental performance and increases the skills and education opportunities for young people and existing employees.

Employee volunteering

The JLR encourages its employees to engage with the local community. It works with the local authorities and community groups to identify initiatives which need support. In 2013, JLR donated 21,000 hours of employee time by 14.5% of its workforce or 3,600 employees on community projects.

CONCLUSION

The case study of Tata Motors serves as a remarkable exemplar of the power and potential of corporate social responsibility (CSR) in the modern business landscape. Through a dedicated commitment to sustainability, ethical governance, and community engagement, Tata Motors has not only achieved significant business success but has also transformed itself into a responsible corporate citizen. By intertwining economic growth with social and environmental stewardship, Tata Motors has demonstrated that profit generation and societal betterment need not be mutually exclusive objectives.

One of the most prominent takeaways from the Tata Motors CSR case study is the holistic approach the company has adopted. Beyond merely complying with legal and regulatory requirements, Tata Motors has proactively sought to align its business operations with the United Nations Sustainable Development Goals (SDGs). This comprehensive approach encompasses a wide array of initiatives, including the development of eco-friendly vehicles, promoting diversity and inclusion, improving workplace safety, and investing in skill development programs for marginalized communities. This multi-pronged strategy showcases Tata Motors' dedication to addressing the multifaceted challenges of our times.

Moreover, Tata Motors' CSR initiatives extend well beyond its factory gates. The company has recognized that its sphere of influence extends to the communities in which it operates. This understanding has translated into meaningful community engagement programs. Whether it's the SHAKTI program empowering women through skill training or the concerted efforts to uplift rural areas through education and healthcare, Tata Motors has consistently demonstrated its commitment to being a responsible neighbor and partner. This approach not only fosters goodwill but also strengthens the social fabric in regions where the company operates.

Another key lesson from the Tata Motors case is the alignment of CSR with the company's core values and long-term strategic goals. CSR is not a mere add-on or a public relations exercise for Tata Motors; it is deeply ingrained in the company's DNA. This alignment has allowed Tata Motors to not only mitigate risks associated with environmental and social issues but also seize opportunities in emerging markets and industries, such as electric vehicles. It has enabled the company to attract top talent who are passionate about sustainability and ethics, thus bolstering its competitive advantage.

Furthermore, the transparency and accountability demonstrated by Tata Motors in its CSR reporting and communication deserve praise. The company's annual sustainability reports

provide stakeholders with a comprehensive view of its CSR initiatives, progress, and challenges. This openness not only builds trust but also encourages other companies to follow suit and adopt similar responsible business practices.

Tata Motors has set a remarkable example of how CSR can be integrated into a company's DNA to create value for all stakeholders – shareholders, employees, customers, communities, and the environment. It showcases that businesses can be a force for good while still achieving profitability and long-term growth. Tata Motors' CSR journey reminds us that sustainable, responsible business practices are not just commendable but increasingly essential in today's interconnected and environmentally challenged world. As we move forward, other organizations would do well to take a page from Tata Motors' playbook, realizing that a commitment to CSR is not just a responsibility but also an opportunity for enduring success and a brighter, more sustainable future for all.

BIBLIOGRAPHY

Alexander, J.W. (2008), Japan's Motorcycle Wars: An Industry History, University of British Columbia Press, Pp 276.

Buckley, M. (2003), Illustrated Book of Classic Cars, Anness Publishing Ltd, Pp 264.

Tata Motors. (2022). Corporate Social Responsibility. Retrieved from <https://www.tatamotors.com/sustainability/corporate-social-responsibility/>

Tata Motors. (2022). Annual Report 2021-22. Retrieved from <https://www.tatamotors.com/annual-reports/>

Business Today. (2022). Tata Motors: A CSR Pioneer. Retrieved from <https://www.businesstoday.in/magazine/features/story/tata-motors-a-csr-pioneer-303161-2022-11-24>

Tata Motors Foundation. (2022). Our Story. Retrieved from <https://tatamotorsfoundation.org/our-story/>

Seelam, A. K., & Yelamanchili, P. (2021). Corporate Social Responsibility at Tata Motors: A Comprehensive Review. International Journal of Recent Technology and Engineering, 9(2), 3141-3148.