Chapter 8

A COMPARISON BETWEEN CORPORATE SOCIAL RESPONSIBILITY AT RELIANCE GROUP OF INDUSTRIES AND TATA GROUP OF COMPANIES

8.1 Introduction
8.2 Reliance Vs. Tata
8.3 Health Initiatives
8.4 Social Welfare
8.5 Education Initiatives and Contribution to Sports
8.6 Rural Development
8.7 Environment Protection
8.8 Trusts, Foundation and Institutes
8.9 Awards and Recognition
8.10 Corporate Governance
8.11 Testing of Hypothesis
8.12 Conclusion
8.1 Introduction

Legal provisions for corporate social responsibility are no where clearly stated. However, there are provisions stated for responsibility towards consumers, employees, environment protection, etc under various acts like consumer protection act, labour legislation, environment protection act respectively and so on. Clause 49 states the regulations for corporate governance for listed companies. However, the degree of corporate social responsibility (CSR) varies from company to company. Companies formulate their own CSR policies and implement accordingly.

The role and status of social responsibility has changed over a period of time as seen in chapter 3 and 5. These changes are due to various reasons and have been implemented by companies in accordance to time. Like early or old social work was sheer voluntary and for actual societal developments. Later the groups followed the suit for getting recognition and earning name in society. However, the recent groups of businesses go for philanthropy with an objective of corporate citizenship. These differences are discussed below under the following heads.

8.2 Reliance Vs. Tata

The period of 1980s saw development of various new business houses. The prominent position in this period was hold by Reliance group of industries. Reliance managed to occupy a position in top
eight business houses. The era of 1980-1998 was called the period of Reliance. The company always involved itself in new age philanthropy. This is rightly termed as 'corporate citizenship' as all activities for social work was conducted in limited geographical areas restricted near the manufacturing units. The contribution for the purpose of donation and charity has increased from 26.71 crore rupees in 2006-2007 to 115.51 crore rupees in 2007-2008. This shows an increase by approximately 23.12 per cent.¹

Tata is the largest business house in India. It has a long history to make its presences felt in the country. From the 19th century the country is enjoying the benefits and services offered by them. The kind of philanthropy and social work Tatas have projected gave them the reputation of being leaders of social responsibility not only all in India but also all over the world. The generations of family are involved in the same. The major credit to the company's flagship bears following of labour welfare legislations even before they were applicable or mandated by the law. They also hold credits for building huge and good magnificent houses. The first step under the Tata banner was JN Tata Endowment Scheme, 1892, long before Reliance entered the business world. The other major contribution of Tata works include establishment of Indian Institute of Science and the famous Taj Hotels. Thus, Tatas followed the 'development driven business.' In contrast to Reliance Industries Tata has been following old style of

¹ Annual Report; 2007-2008; Reliance Industries p 166
philanthropy targeting the overall societal benefits as and where needed rather than restricting their services to areas around operations. They crossed the national boundaries of CSR and practiced it even globally with the help of their joint ventures and subsidiaries.

8.3 Health Initiatives

Reliance undertakes various projects under health care initiatives. OHC and PHC are undertaken by the company to promote prevention of occupational hazards and public health. The company also works towards creating awareness of HIV/AIDS/TB. The company also has credit of operating various hospitals and medical centers and research centers in society around various manufacturing divisions. The company also aids talismanic and cancer patients. It also runs mobile dispensaries and blood donation camps. The company runs an operation called DRISTEE in association with NAB (National Association for Blind) for the visually handicapped and organize various competitions for them.

Tatas run similar health care initiatives. They also have hospitals and blood donation drives apart from HIV/AIDS/TB, the company focuses on women natal care, child immunization and cataract cases. Tatas also have medicine on wheels.
8.4 Social Welfare

Reliance not only provides employment to thousands of individuals but also has involved social welfare initiatives in its social responsibility practices by developing medical research centers, research in life sciences and other societal beneficial programmes. Reliance has always focused on shareholders. So they emphasize of shareholder and stakeholder benefits by formulating various committees for the smooth functioning of the day to day business. The children of shareholders are provided with scholarships under 'Dhirubhai Ambani Scholars' Scheme'. Nothing much for employees expect for the benefit on medical grounds is provided. The company in association with CNN-IBN felicitated twenty four heroes of India on the occasion of 60th Independence Day celebration.

Tata has also gone for inclusive growth including customer benefits and employee benefit. Tata concentrates on 'inclusive growth'. This refers to the benefits or share in company's gains to its stakeholders at every point of time. The company employees and their family have formed a group called 'MAITREE'. This association helps various nearby working areas to develop. The group deals with various globally ethical sourcing and also work towards environment protection. The company also takes care of its employees and this is proved by the credit the company holds to provide labour legislations to employees even before it was applied. The company had a vision of
holistic development. The NATs in Singapore, the blood donation drive in America are examples of the global development.

### 8.5 Education Initiatives and Contribution to Sports

'Teach them young' is the policy at Reliance. They contribute in the field of education largely by the international board school in Mumbai, Dhirubhai Ambani School. In rural areas they education in areas like nursing, dress making, hand made articles, etc. they also develop the field of science and provide various scholarships under different schemes to rural kids, meritious students of shareholders, children Kargil soldiers. Reliance contributes to the sports world by organizing sports for physically challenged. The company employees at various units also provide schooling aids, books, bags and uniforms to the needy students in rural school.

‘Education for all’ Tata provides various sports sponsorship to the deserving. The group initiates and deeply promotes schooling for poor and school drop outs. The also contribute for educating children from Schedule caste and schedule tribes. The company emphasizes on inculcating IT and computer knowledge to the rural poor. It also made available IT programmes in Kannad language.

### 8.6 Rural Development

The Reliance groups provide for rural development by developing rural areas. It has adopted a village. It provides advance
skills to rural youth and rural upgradation. They provide for cow sheds in rural Gujarat. Reliance has established a Reliance Rural Development Trust for rural upliftment.

The Tata companies help rural development by providing enterprise development to women from poor families. They also provide for health and sanitation. They have constructed various drinking water structures. The company also distributes equipments in rural areas for various commercial activities. The company emphasis on rural development through self help groups (SHG). Moreover, Tata contributed the SHG by training them in vermicompost, artificial jewellery making, jute product making, etc. to provide a livelihood to women of poor family.

8.7 Environment Protection

Reliance industries act upon controlling carbon dioxide level in are through foreign collaboration. It helps in energy conservation and also at rural level. They provide leno bags as packing solution to farmers for environment protection in rural areas. The company also works on bio-gas renewable polythene domes. Apart from these the company involves in various eco-friendly initiatives.

Tatas also contribute for controlling carbon dioxide level. The company also works upon the issue of global warming and pollution
control. The company promotes afforestation. Like Reliance, Tata also devotes to energy saving.

**8.8 Trusts, Foundation and Institutes**

The Reliance group runs a foundation called the Dhirubhai Ambani Foundation. They have various institutes like Dhirubhai Ambani School, Reliance School of Life Sciences and other such institutions for the development of society.

There is a long list of foundations and trust under the Tata banner. Sir Ratan Trust and Sir Dorab Trust were the first trusts of their types all round the world which still exist till date. The group has developed various institutes also.

**8.9 Awards and Recognition**

Reliance in the form of appreciation of its work in social area could manage to bag three prestigious awards from various institutions and association. They are as follows

- The PHC located at Dahej in Bharuch District, Gujarat, has attained the status of the best PHC in the District in the short-span of 6 months and has established itself as a centre of excellence.

- Reliance's second Sustainability Report for FY 2005-06, “My Reliance. My Life” received the highest possible accreditation: GRI Checked A+.
• Largest corneal grafting surgery project enabled by a single corporate entity in India is credited to Reliance.

In opposite to this Tata has a list of seventeen awards in its kitty. They are as follows:

• National Award for Excellence in Corporate Governance - 2007 from the Institute of Company Secretaries of India
• Dataquest Best IT Employer for 2007
• Most Admired Knowledge Enterprise (MAKE) Award 2007
• Most Valued Partner - awarded by Ciscos Worldwide Sales Processes and Systems IT
• BEST Award from The American Society for Training and Development, for the third time.
• Dataquest Best e-Governance Vendor Award
• Silver Band in UKs BITC Corporate Responsibility Index
• Three Business Partner Excellence Awards at IBM Partner World 2007
• SAP Pinnacle Award in the Industry Solution Go-To-Market category
• Excellence in Education Award from Life Office Management Association
• Corporate Citizen of the Year - 2007 from the Rotary Club, Chennai
• Securities Strategist Award
- 2007 Eaton Premier Supplier Award in the Indirect Supplier for Information Technology Services category
- The TERI Corporate Award was awarded to Tata Steel for its HIV/ AIDS initiatives
- Tata Steel's Corporate Sustainability Report was hailed by the UNEP and Standard and Poor as the strongest submitted by any corporate house for emerging economies.
- The 7th Annual Greentech Safety Award in the Metals and Mining Sector was awarded to the Noamundi Iron Mine.
- NatSteel Xiamen won the Outstanding Award for Corporate Social Responsibility from the China Association of Enterprise with Foreign Investment.

8.10 Corporate Governance

Where Reliance recognition is terms of social responsibility is restricted but yet its efforts for corporate governance are no less. They have formed fourteen different committees for the same, under the guidance of various boards of directors. They are:

1. Constitution of Corporate Governance and Stakeholders' Interface Committee.
2. Nomination Committee.
3. Adoption of Corporate Governance Manual.
4. Secretarial Audit.
5. Standing Committees:
6. Audit Committee.
7. Corporate Governance and Stakeholders' Interface Committee.
8. Employees Stock Compensation Committee.
10. Finance Committee.
12. Remuneration Committee.
13. Shareholders' / Investors' Grievance Committee.

In contrast to Reliance's policies Tata has formulated just eight committees to govern and run the company. They are:

1. Audit Committee.
2. Remuneration Committee.
4. Ethics and Compliance Committee.
5. Committee of Directors for Bank Accounts.
7. Executive Committee.

8.11 Testing of Hypothesis

The researcher's hypothesis was,

"Corporate Social Responsibility, as a statutory requirement on paper is similar in Reliance Group of Industries and Tata Group of Companies. However, in actual practice there is a difference, which is indicated by the practices adopted by both these corporate entities."
This hypothesis is accepted and justified as under:

- The statutory requirement is stated for corporate governance is as stated in the Indian Companies Act, Clause 49 and the directives of SEBI provides with certain guidelines for the listed companies to follow their Corporate Governance. This is applicable to both Reliance group of Industries (Reliance) and Tata group of Companies (Tata).

- Both companies might work on same grounds like health, rural development, education, women upfiltment, societal welfare, etc. However, their programmes and plans vary largely.

- The trust form of providing societal benefits is again the same but ten operations and formations differ largely (refer table 5.1).

- The kind of recognition both the companies have scored is in large difference of Reliance with merely three awards and Tata with seventeen awards.
• The companies do follow corporate governance as directed legally. However, the approach differs. The same can be noted from the variations in the number of committees formulated by the two companies.

• Apart from these the beneficiaries and area of operation also varies from company to company.

### 8.12 Conclusion

The above research leads to the conclusion that though there prevails difference in the working of company's but at community level they end up in similar kind of communal projects. But the geographical area covered restricts the activities of Reliance to a mere citizenship act and that of Tata to the old style of business charity and philanthropy. The detail summarization of the research work, along with findings and suggestions are elaborated in the next chapter.