ABSTRACT. It is indeed a challenge for corporations to insulate themselves from the adverse conditions around and foster an organizational culture that ensures ethical behaviour. In their effort to foster and maintain such an organizational culture, corporations through various endeavours try to institutionalize ethics. A successful strategy that aims to institutionalize ethics starts with developing/adopting and implementing codes of conduct and duly complements with ethics education and management. This paper captures the enlightening endeavours of Tata Steel relating to institutionalizing ethics and its impact on transformation within the corporation and its transcendence beyond.

KEY WORDS: codes of conduct, compliance, enlightening endeavours, ethical behaviour, institutionalization and transformation

Introduction

“I must first be the change that I wish to bring about in my world.” Mahatma Gandhi

There is a growing concern about corporate ethical performance in a world that is becoming more socially conscious. A socially conscious world, when it sees corporate misdemeanours time and again in various forms and hues and suffers as a consequence, could not help but suspect the intent and actions of corporations. At the same time, it is the same world that turned a blind eye to soaring aspirations, celebrated unbridled/unguided dynamism and in the process allowed moral degradation. After all, corporations are human enterprises and it is natural for them to reflect the social mores of the world. In this milieu, could corporations put the blame on the world/society and wash their hands? Could they justify their misdemeanours by saying such things are rampant in other segments of the society as well? Enlightened corporations take up the challenge, bring about the change that they wish to happen in the world in them first by trying to insulate from the adverse conditions around and foster an organizational culture that ensures ethical performance.

The challenge is immense for those enlightened corporations that have a long tradition of following values and principles in all their business endeavours and thus earned credibility and reputation. How do such corporations respond in the present globalized competitive environment where the drive is for “earn more – quicker the better” through any means? In India, the House of Tatas (its very name invokes trust and confidence) is one such corporate house that earned a high credibility and reputation by trying to insulate from the adverse conditions around and foster an organizational culture that ensures ethical performance.
effort to maintain an ethical organizational culture, the House of Tatas has come out recently with a common code of conduct and urges its group corporations to actively involve in implementing the same. This paper captures the enlightening endeavours of one of its oldest corporations – the Tata Steel – relating to implementation of the common code of conduct and its compliance. In the process, it narrates (a) the genesis of the House of Tatas and the Tata Steel; (b) the details of the common code of conduct; (c) the enlightening endeavours and their impact on transformation within and its transcendence beyond the corporation.

The House of Tatas

“We do not claim to be more unselfish, more generous or more philanthropic than others are. 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 the employees, the sure foundation of our success.”

Jamsetji Nusserwanji Tata

Jamsetji Nusserwanji Tata, the founder of the House, after initial trading ventures, along with his friends floated in 1874 “The Central India Spinning, Weaving and Manufacturing Company” to manufacture cotton goods in Nagpur. It went on steam on January 01, 1877 marking a beginning of a big and great industrial conglomerate. He made a good fortune and generously contributed for the freedom movement of his country. In fact, he was present at the founding of the Indian National Congress in Bombay (contemporary Mumbai) in 1885. “Jamsetji was a nationalist long before this word had any real significance…. His nationalism, however, was not narrow. It was, like Tagore’s,1 rooted in his love for humanity, arising out of his passionate love for his own land to which he harnessed the creative forces of his genius” (Lala, 1992, p. 6). To J. R. D Tata, who was at the helm of affairs of the House of Tatas as Group Chairman for over half a century: “The genius of Jamsetji, however, and the essence of his contribution to the later growth of Indian industry is that he alone in his time understood the full significance of the industrial revolution in the West and its potentialities for his own country. Where others thought primarily or exclusively in terms of political action, he saw clearly that India’s freedom could not be achieved or maintained by political means alone, that freedom without the strength to support and, if need be, defend it, would be cruel delusion and that the strength to defend freedom could itself only come from wide-spread industrialization and the infusion of modern science and technology into the country’s economic life” (Harris, 1958, p. vii).

To realize his dream of an industrialized and prosperous independent India, Jamsetji wisely concentrated his energy and resources on three schemes that were imperative to economic progress and development. The three imperatives were Steel (considered to be the mother of heavy industry), Hydroelectric Power (the cheapest one to generate with no pollution and hazard) and Technical Education combined with Research (for qualified manpower and advancement). Although he did not live to see the fruition of his efforts, inspired by his enthusiasm and devotion his sons and others, religiously carried through the task and established the Steel Works at Jamshedpur (which is presently called Tata Steel), Hydroelectric Power Plants near Bombay and the Institute of Science in Bangalore. His basic philosophy and ideas on industrial management stood the test of time and even now found to be sound, relevant and therefore applicable. The successive members of his family and associates not only carried out his work but also expanded it as well by following the same spirit, courage and vision that he showed. What was started with a nationalistic passion for excellence and self-sufficiency with the foundation on high sense of ethics and integrity grew now into 85 diversified companies in 7 business sectors serving the country for over a century and a quarter. About 66% of the conglomerate’s capital have been held by philanthropic trusts endowed by members of the founder’s family with the guiding spirit “what came from the people, must go back to them many times over” (www.tata.com).

Tata Steel

“When you have to give the lead in action, in ideas – a lead which does not fit in with the very climate of opinion – that is true courage, physical or mental or spiritual, call it what you like, and it is this type of courage and vision that Jamsetji Tata showed.”

Jawaharlal Nehru