

Tata Group's Success, Longevity Attributed to Commitment to Sustainable Development

The terms "sustainability" and "sustainable development" emerged in the 1970s to describe progress that does not compromise the future. However, many decades before these modern terms, the Indian conglomerate, Tata Group, pioneered a unique approach to business that elevated the needs of society to a place of importance which rivalled the drive for profits.

Jamsetji N. Tata famously said, "In a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence."

That statement poses a challenge to the 21st century business world, yet Jamsetji Tata lived 150 years ago, founding what has become the Tata Group in 1868.

100+ Companies Return Wealth to Society

The Tata Group today is a conglomerate of more than 100 companies which operate in more than 100 countries on six continents. Its diverse operations include Tata Steel, Tata Motors, Tata Power, Tata Chemicals, Tata Global Beverages, Tata Teleservices and Tata Communications.

Tata Group, based in Mumbai, Maharashtra, India, has more than 600,000 employees worldwide and had 2014-2015 revenue of \$109 billion.

Tata Sons is the holding company that has a majority interest in the companies that form the Tata Group. 66 percent of Tata Sons equity is held by

philanthropic trusts that return Tata wealth to society.

It would take hundreds of pages to list all of the Tata-sponsored social programs and initiatives, past and present, including poverty programs, healthcare projects, hospitals, immunization and childcare services, AIDS awareness, schools and training centers, literacy programs, scholarship programs, rural deve-



Shankar Venkateswaran, became chief of the Tata Sustainability Group in 2014. Venkateswaran is former director of the think tank-advisory firm, SustainAbility; former executive director in India of the American India Foundation, a nonprofit fighting poverty; and is founder and former CEO of Partners in Change, a nonprofit that promotes corporate responsibility.

Tata Timeline

1868

Jamsetji Tata founded the business that has become Tata Group.

1892

Jamsetji Tata established the J.N. Tata Endowment to provide scholarships to Indian college students. It was the first Tata philanthropic initiative, and still operates today, assisting about 120 scholars per year.

2001

Tata Steel becomes the first Tata company to join the UN Global Compact. Today 15 Tata companies are participants.

2003

The Tata Index for Sustainable Human Development, after many years of development, is deployed.

2014

Tata Sustainability Group formed.

“In a free enterprise, the community is not just another stakeholder in business, but is in fact the very purpose of its existence.”

JAMSETJI N. TATA (1839-1904),
TATA GROUP FOUNDER

lopment, water conservation, reforestation, sports programs, and disaster relief.

Tata Group's mission statement echoes the sentiment of its founder: “To improve the quality of life of the communities we serve globally through long term value creation for all stakeholders.”

Commitment Runs Deeper Than Typical Drivers

In January 2014, the Tata Sustainability Group was formed to lead and expand Tata Group's sustainable development efforts.

Shankar Venkateswaran, who joined Tata to become chief of the TSG, said sustainable development has been integral to Tata Group's business strategy for more than a century. When pressed to evaluate the companies' sustainability efforts in terms of typical business rationales, Venkateswaran resisted. While many companies are driven to pursue sustainable development in response to pressures from customers, government regulations and/or investors, he said Tata's drivers are internal. “It is our core value.”

Venkateswaran said sustainable development -- responding to the needs of its stakeholders and their communities -- is the key to Tata companies' success and century-plus longevity.

“The reason we are more than a 100-year-old group is because of the way we have responded to society and increasingly to the environment,” he said. “We know for a fact -- we don't need anyone to prove it to us -- that by being sustainable, we stay in business and stay profitable. That's the secret of our longevity as a group.”

Tata Sustainability Group

The Tata Sustainability Group, a division of Tata Sons, was created to continue driving sustainability across the group. TSG's stated goal is to provide leadership



Tata Global Corporate Headquarters in Mumbai, India

“No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people.”

J.R.D. TATA (1904-1993), FORMER CHAIRMAN, TATA SONS

to all Tata companies in embedding sustainability into their business strategies.

TSG helps individual Tata companies achieve their sustainability goals, and it also leads group-wide efforts, such as Tata Group's volunteering and disaster response programs. It creates policies and makes recommendations regarding group companies' sustainable development efforts.

Although Tata claims to have had sustainable development in its DNA for more than a century, the company is not taking the future for granted. The Tata Sustainability Group provides training to the companies' future leaders and employees in sustainable development. Its methods to achieve that include:

- **The Tata Index:** The Tata Index for Sustainable Human Development is one tool TSG has used to drive sustainable development across the Tata Group. The index, created in cooperation with the UN Development Program, defines objective measures for assessing Tata companies' community initiatives. The index provides a standardized measure to quantify progress made in sustainable development efforts. The goal is to drive continuous improvement in sustainability.

The Tata Index is undergoing a review to widen its scope beyond human development. Elements of the Index are used in the Tata Business Excellence Model, modeled on the Malcolm Baldrige quality framework, which annually assesses whe-

re companies are in their business excellence journey. Going forward, elements of the refreshed Sustainability Assessment Framework will find its way into the TBEM framework, thereby reaffirming sustainability as a core element of business excellence.

- **CEO Training:** The Tata Sustainability Leadership Program trains chief executives and board members from across Tata Group on the risks and opportunities of climate change. The three-day program is held on the campus of the University of Cambridge (UK) in partnership with the Cambridge Institute for Sustainability Leadership. About 150 Tata chief executives and board members have gone through the three-day program.
- **Sustainability Month:** Every June is Tata Sustainability Month throughout Tata Group companies. The emphasis is designed to educate and motivate team members to

pursue sustainability and to highlight what Tata companies are doing to advance sustainable development.

During the month, Tata employees are presented with the SMART 21 challenge: to take at least one SMART (Sustainable Meaningful Actions for a Responsible Tata Way) action every day for 21 days (the number of days it takes to form a habit).

If each of Tata's 600,000 employees fully embraced the challenge to perform 21 "sustainable meaningful actions," the result would be more than 12 million contributions to a more sustainable world.

The event was formerly called Tata Environment Month; the name was changed in 2014.

"The Tata philosophy of management has always been and is today more than ever, that corporate enterprises must be managed not merely in the interests of their owners, but equally in those of their employees, of the customers of their products, of the local community and finally of the country as a whole."

J.R.D. TATA (1904-1993), FORMER CHAIRMAN, TATA SONS

25 Percent by 2025

Tata Group has demonstrated a commitment to sustainable development for more than a century. Tata Sustainability Group hopes to lead Tata Group to achieve new heights of sustainable development, reaching into all functions of all Tata businesses.

Tata Group's 2025 sustainability goal is to touch the lives of more than 2 billion people, which would be 25 percent of the world's 2025 population, by improving the quality of life of its customers and their communities.