

## **The Way of the TATA: A Review Article on the Ethical Philosophies of the Eminent Industrialist - J.R.D. TATA**

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**ABSTRACT**-It is impossible to overestimate the significance of corporate ethics in the networked global economy of today. The foundation of trust between companies, customers, and stakeholders is ethical behavior. It encourages openness and a positive business culture, which raises employee satisfaction and productivity. Adopting ethical behavior protects a company's long-term viability, improves relationships with stakeholders, and benefits society as a whole.

Jehangir Ratanji Dadabhoy Tata was a brilliant industrialist and philanthropist who firmly believed in the value of business ethics and their critical role in establishing an ethically sound company culture. He highlighted the value of ethical practices and their impact on both economic performance and societal development during his successful career as the chairman of the Tata Group. The paper attempts to illuminate the remarkable ethical business approach of J.R.D. Tata and underscore its utmost importance amid the prevailing surge of unfair business practices.

**Keywords:** Business Ethics, TATA Group, Sustainable Development, J.R.D. TATA

### **INTRODUCTION**

Business ethics comprises the principles, values, and standards that guide behavior in the world of business (Ferrell, Fraedrich, & Ferrell). Doing the right thing in business is the definition of business ethics, put simply. It involves making judgments and conducting business in a fair, honest, and responsible manner while keeping in mind society's needs, the environment, and the economy.

Because business can be immoral and there are many examples of unethical corporate practices in use today, discussion of business ethics is required. Even Adam Smith, whose name is associated with the neo-liberal laissez-faire philosophy, once observed that "people in the same trade rarely meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." The world of business is not a vacuum. Corporations and businesses function in both the natural and social environments. Business is required to be responsible for the social and environmental environment in which it lives by virtue of its own existence (Salehi, Saeidinia, & Aghaei, 2012).

The lasting impact of J.R.D. Tata's corporate ethics acts as motivation for executives everywhere. His consistent commitment to moral standards, worker welfare, and social

responsibility serves as proof that companies may succeed while upholding high moral standards. JRD Tata's exemplary approach is still a source of inspiration for corporate executives as they navigate the constantly changing business landscape, pointing them in the direction of a more moral and sustainable future.

### **A Brief Biography of J.R.D. TATA**

JRD Tata, also known as Jehangir Ratanji Dadabhoy Tata, was a well-known industrialist, aviator, and philanthropist from India. He came from a well-known Parsi Zoroastrian family and was born on July 29, 1904, in Paris, France. His mother, Suzanne Brière, was French-born, while his father, Ratanji Dadabhoy Tata, was a well-known industrialist.

### **Early Years and Education:**

Before relocating to India at the age of seven, JRD Tata spent his formative years in France. After attending a number of schools in India, he finished high school at Cathedral and John Connon School in Mumbai. When his mother passed away when he was only 10 years old, his official education was interrupted. Despite this, he persisted in developing his intellectual curiosity by learning about and researching different topics on his own.

### **Joining the TATA Group:**

JRD Tata's involvement with the Tata Group dates back to his early years. He started working for Tata & Sons as an apprentice when he was 15 years old, learning under his cousin Nowroji Saklatwala. He worked in several Tata company departments over the years, developing his knowledge of the corporate world's complexities.

### **Leadership of the Tata Group:**

JRD Tata succeeded Nowroji Saklatwala as Chairman of Tata Sons in 1938 at the age of 34. He was the visionary leader who turned the Tata Group into one of India's largest industrial enterprises. He oversaw the Tata Group's diversification and expansion into a number of industries, including steel, chemicals, motor vehicles, hospitality, and more. One of his most famous accomplishments was founding Tata Motors in 1945, which eventually grew to become India's largest automaker. Additionally, he was crucial in the founding of Tata Consultancy Services (TCS), which grew to become a titan in the world of IT services.

### **Aviation Career:**

JRD Tata had a strong interest in flying in addition to his business accomplishments. In 1929, he received his pilot's license, making him the first in India. He was a founding member of Tata Airlines in 1932, which subsequently evolved into Air India, the nation's flag carrier. His love of aviation persisted throughout his life, and he kept flying well into his 80s.

### **Social Responsibility and Philanthropy:**

Long before it became a widespread trend, J.R.D. Tata promoted corporate social responsibility because he believed in the value of giving back to society. He thought that firms have to put the community's welfare ahead of their own bottom lines. Under his direction, the Tata Group developed a number of charitable and humanitarian endeavors, such as the Tata Memorial Hospital and the Tata Institute of Humanitarian Sciences.

### **Awards & Recognitions:**

JRD Tata received various awards and recognitions for his outstanding contributions to Indian business and society. In 1992, he received the Bharat Ratna, India's highest civilian honor,

in recognition of his outstanding accomplishments and humanitarian efforts.

### **Final Years and Legacy:**

Up to his retirement in 1991 at the age of 87, JRD Tata was still actively involved in the operations of the Tata Group. Even after resigning as Chairman, he remained the company's chief executive officer. The country lamented the death of this philanthropist and visionary leader on November 29, 1993, when he passed away at the age of 89.

The impact of J.R.D. Tata goes far beyond his contributions to industry. He was a person of integrity, modesty, and compassion who saw India and its people as having great potential. Corporate executives and entrepreneurs around the world are still motivated by his emphasis on moral corporate conduct and social responsibility. Under his inspiring leadership, the Tata Group has remained a bright example of how business can be a driver for social good.

### **REVIEW OF LITERATURE**

The word "ethics" comes from the Greek word "ethos," which refers to a person's fundamental outlook on life. It can be characterized as a morality theory that aims to organize moral judgments (Paswan, 2015). Storytelling has been used for a very long time in business ethics to convey and reinforce the feeling of value, family, belief, and fairness (Fischer & Lovell, 2009). Several scandals involving fraud, deceit, and bribery have changed the public's image of some businesses, such as Enron or WorldCom (Salehi, Saeidinia, & Aghaei, 2012). This led to the development of a brand-new, interdisciplinary, modern science that shifts between applied and special ethics, which continues to develop today (Šmajs, Binka, & Rolný, 2012). The phrase "business ethics" is made up of the words "business" and "ethics," and it refers to a code of behavior for businesses as well as moral principles, beliefs, and values (Dimitriades, 2007).

Regardless of the expectations and constraints placed on it, business is required to be ethical by virtue of its existence for at least two reasons: first, because anything it does impacts its stakeholders; and second, because every business action has trajectories of both ethical

and unethical paths. The decline of small, high-trust, face-to-face businesses and the advent of enormous international corporate systems that can significantly impact people's daily lives were factors that brought business ethics to the fore.

Overall, a company's reputation and financial health might suffer due to a lack of corporate ethics, as can the environment and society at large. To prevent these potential repercussions, it is crucial for businesses to give ethical behavior top priority and incorporate ethical concepts into their decision-making procedures.

J.R.D. Tata, the legendary Indian industrialist and philanthropist, is widely regarded as a shining example of business ethics. Throughout his tenure as the chairman of Tata Sons and several Tata Group companies, he demonstrated a strong commitment to ethical conduct and principles that guided his business decisions.

When Jehangir Ratanji Dadabhoy Tata breathed his last breath in Geneva Hospital on 29<sup>th</sup> November, 1993, a message from his former company, Air India, read as:

“He touched the sky and it smiled,  
He stretched out his arms and they encircled the globe.  
His vision made giants out of Men and Organizations”

JRD Tata was undoubtedly, one of the most significant businessmen in India after independence. In addition to helping TATA Businesses grow, he had a significant influence on how business was conducted and supported other national initiatives, especially those related to research and education. In his enterprises, he instituted important labor laws that later served as a model for the Indian Government (Sarukkai, 2020).

#### **PURPOSE OF THE STUDY**

The purpose of this study is to illuminate the remarkable ethical business approach of JRD Tata and underscore its utmost importance amid the prevailing surge of unfair business practices. JRD Tata's legacy as an ethical leader serves as an inspiring model for contemporary businesses to emulate. In a world where cutthroat competition and profit maximization often overshadow ethical considerations, studying Tata's principles

becomes imperative. By examining his unwavering commitment to integrity, fairness, and social responsibility, this research aims to emphasize the need for businesses to prioritize ethics in their operations. In doing so, they can not only foster trust among stakeholders but also contribute positively to society and safeguard the long-term sustainability of their ventures. As unethical practices continue to erode trust and tarnish the reputation of businesses, JRD Tata's ethical approach stands as a beacon of guidance for companies striving to create a meaningful impact while upholding moral values in their pursuit of success.

#### **METHODOLOGY**

The methodology employed for this study involves gathering data from secondary sources, primarily related articles and biographical accounts. By utilizing secondary sources, the research ensures a comprehensive and reliable collection of information on the subject of interest, which in this case is the exemplary ethical business approach of JRD Tata. Related articles from reputable publications, journals, and online sources offer valuable insights and analysis of Tata's ethical practices and their impact on the business world. Additionally, biographies and accounts of JRD Tata provide a deeper understanding of his personal values, decision-making processes, and the ethical principles that guided his business conduct. Through a meticulous review and analysis of these secondary sources, the study aims to present a well-rounded and informed depiction of JRD Tata's ethical philosophies, shedding light on their significance in the context of the escalating prevalence of unfair business practices in contemporary times.

#### **FINDINGS AND DISCUSSIONS**

Business ethics can have a number of detrimental effects on the organization as well as society at large when they are not followed or are neglected. Here are a few possible outcomes:

1. Reputational harm: Unethical business activities can damage a company's reputation, which can result in a decline in trust from stakeholders such as customers, employees, investors, and others. Once a company's

reputation has been tarnished, it is difficult to win back customers' confidence and restore its brand image.

2. Legal problems: Immoral conduct may result in legal concerns and regulatory scrutiny. Fines, penalties, litigation, and even criminal charges may occur from breaking laws, rules, or industry standards.

3. Employee morale and turnover: Unethical business practices can lower employee morale, which lowers work satisfaction and increases turnover rates. Employee loyalty and productivity may suffer as a result of their disengagement from and disenchantment with the company's values.

4. Customer dissatisfaction: Customers are more likely to support companies that uphold high moral standards. When a business participates in unethical behavior, it runs the risk of losing devoted clients who favor supporting morally upright businesses.

5. A decline in investor confidence: Investors are becoming more concerned about the moral standards of the businesses they support. A lack of business ethics might turn away potential investors and result in a decline in the stock price and market value of the company.

6. Negative Repercussions: Negative effects on the environment and local communities might result from unethical corporate practices. Irresponsible behaviors can have long-lasting negative repercussions on society and the environment, including as pollution, labor exploitation, and contempt for human rights.

7. Relationship deterioration in the workplace: Unethical behavior can deteriorate connections with partners, suppliers, and other stakeholders in the workplace. This may lead to increased prices, postponed supplies, and restricted access to vital resources.

8. Diminished innovation and creativity: A business may inhibit innovation and creativity if it promotes short-term gains at the expense of morality. If employees believe that the organization does not place a high priority on ethical behavior, they may be less motivated to offer their best ideas.

9. Increased regulatory oversight: Organizations with a history of unethical behavior are more likely to be extensively

monitored by governments and regulatory organizations, which results in increased oversight and compliance expenses.

10. Risks to long-term sustainability: Companies that overlook ethical issues sometimes prioritize short-term earnings without taking their operations' long-term viability into account. This strategy may result in dangers to the economy, society, and environment that could be expensive to remedy in the future.

### **The Ethical Approach of J.R.D. Tata**

The example set by JRD TATA's life exemplifies ethics and principles in the purest sense, demonstrating to us that it is feasible to build a sizable, prosperous, yet compassionate organization.

JRD's approach was to work for inclusive growth via sustainable business models, and he frequently focused his efforts on nation-building. His leadership approach was a consensus-based approach. Beyond the Last Blue Mountain, his biography, quotes him as saying, "When I have to make a decision, I feel I must first make sure that the superior knowledge of my advisors confirms the soundness of my decision; second, that they would execute my decision not reluctantly, but be convinced about it; third, I see myself in TATAs as the leader of a team who has to weigh the impact of any decision on other TATA companies, on the unity of the group. I believe that this strategy has worked".

JRD discussed morality as a source of prosperity. He discussed ethics as a way of life and for business purposes. Companies who are committed to doing the right thing, have a written commitment to social responsibility, and live up to it routinely outperform those that are not, claims JRD.

While being ethical and socially conscious will not make a company's owners rich and successful by default, it will undoubtedly open the route for them to do so.

**According to JRD, the winning equation for success is:**

### **ETHICS + COMPETENCE**

Additionally, he believed that businesses that consistently try to push the bounds of ethics

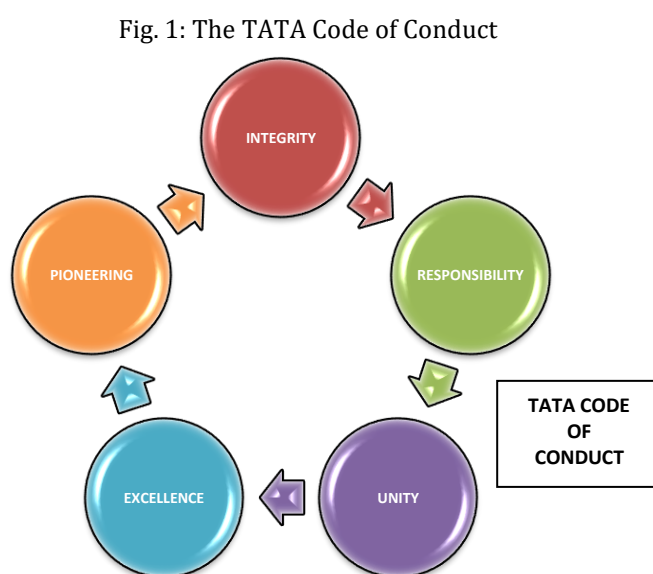
inevitably go over the edge. Cutting corners, lying, cheating, and taking shortcuts push the boundaries of ethics and are never profitable in the long run. When ethics and moral tenets are absent, people and institutions always suffer long-term losses. He was worried that, in the absence of a stronger sense of intrinsic motivation, business ethics would be reduced to a tool for risk and reputation management, while any general and genuine moral commitment would be lost.

Corporate Ethics is an invitation to look up and see the rest of the world in its stark reality and do something about it.

JRD's ethical philosophies and approaches led to the formation of what is known today as the **TATA Code of Conduct**. The TATA Code of Conduct is a bedrock for the Group's commitments to values. The TATA Code of Conduct outlines the Group's commitment to each of its shareholders/stakeholders, including the communities in which it operates and towards the environment and it serves as a guiding light for ethical dilemmas. It is also dynamic and flexible with the changes of the economy.

### **The TATA Code of Conduct**

Tata has always been value-driven. The five core values that determine the way TATA conducts its business activities are:



Source: [www.tata.com](http://www.tata.com)

1. **Integrity:** The TATA Group shall conduct itself in a fair, honest, transparent, and ethical manner. Everything it does must withstand scrutiny from the general public.
2. **Responsibility:** TATA will always incorporate social and environmental ideals into its activities, ensuring that what originates with people, ultimately returns to people.
3. **Unity:** TATA will continuously make investments in its partners and employees, promote lifelong learning, and develop friendly, cooperative partnerships based on mutual respect and trust.
4. **Excellence:** TATA has always been committed to upholding the highest standards of quality and will continue to do so.
5. **Pioneering:** TATA will always be fearless and nimble, taking on difficulties head-on while employing in-depth customer insights to create novel solutions.

### **CONCLUSION**

The lack of business ethics can create a toxic work environment, harm a company's reputation and bottom line, and negatively impact society and the environment. It is essential for companies to prioritize ethical behaviour and incorporate ethical principles into their decision-making processes to avoid these potential consequences.

J.R.D. Tata's ethical approach to business left a lasting legacy, and his principles continue to inspire business leaders worldwide. He showed that it is possible to achieve success in business while upholding ethical values and making a positive difference in the lives of people and the community. His example serves as a reminder that ethics and business success can go hand in hand, creating a more sustainable and responsible business environment.

Following J.R.D. Tata's ethical philosophies not only benefits businesses but also contributes to the overall wellbeing of society. By prioritizing ethics and integrity, businesses can create a more sustainable, responsible and prosperous future for themselves and the communities they serve.

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