

Ethical Issues in Organizational Communications

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Topic: Ethical Assessment Paper on



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Introduction - TATA Group

TATA Group which is a giant conglomerate in India was started a century ago in 1868 by a visionary an ethicist and the person who is also known to be “India’s Father of the Steel Industry” – *Jamsetji Tata*.

With over a revenue of \$128 billion (INR 9.6 trillion) for the F.Y 2021 this company is headquartered in Mumbai, India and is one of the biggest employers in the country and the world. It is known for its legacy to display and be among the top companies in terms of ethical behaviour. Tata Group as on Tata Steel, has been recognised by Ethisphere, a global leader in defining and advancing the standards of ethical business practices, as one of the 2021 World’s Most Ethical Companies (Ethisphere, 2021). The company has been achieving tremendous growth with visionary leaders like JRD Tata followed by Ratan Tata – who is known for his seminal contribution for perpetuating the long-held Tata ethos (Shah, S. 2019). Ratan Tata created and formalised the code of conduct in his tenure and set 5 core principles which are - *integrity, understanding, excellence, unity and responsibility*. According to Johnson, C – Ethically Transformed organizations show high concern for stakeholders society, and the global environment (Pg. 279) and that is what is outlined in the Tata Code of conduct i.e., that a business must operate in a manner such that it respects the rights of all its stakeholders and creates overall value for society (Tata Steel, 2022). Here is the [Tata Code of Conduct](#) designed in the year of 2015 by Ratan Tata and current CEO – Natarajan Chandrasekaran. Not just that they have an entire network named Tata Network Forum (TNF) that runs programs all across the country and a combined report id out together with all the events that were conducted. Here is the recent [TNF Report 2021](#).

Background –

With a stunning foundation and providing multiple avenues for growth this group has not only helped the nation but also empowered studies and set forth labour laws even before they were recognised. After careful analysis and research it is a given fact that one can never rate TATA Group low on ethos because the company literally built the ethos for the country and in its people. The firm appoints ethics counsellors who looks after the implementation of the code of conducts and create awareness regarding ethical issues which prove that it is a "value-based" organization. However, there were certain litigations and ethical issues that cropped up recently with TATA Group but we will see how the problem was approached, managed and resolved by the key members of the group.

Case Studies –**1. Tata Nexon EV catches fire in Mumbai, India.**

Last month one of Tata Motor's electric vehicle – Nexon caught fire in Mumbai and a detailed investigation is being carried out. It is said that this is the first ever incident in 4 years where 30,000 vehicles had been sold. While Tata Motors has been doing its research on lithium batteries and what could have gone wrong the government has also probed the matter. Experts like Défense Research and Development Organization (DRDO), Centre for Fire Explosive and Environment Safety (CFEES), Indian Institute of Science (IISc) and Naval Science & Technological Laboratory (NSTL), Visakhapatnam are now involved too (Mukherjee, S. June 23rd, 2022). Since, the event is relatively new and has happened last month it is a good case study to curate solutions using their code of conduct defined as per Tata's standards. As per reports the owner of the car charged the battery using a normal slow charger and not the designated charger as per the instructions. When he was prompted flashes on the

vehicles instrument cluster the owner called the service centre and they did what is the right thing that should have been done which is to ask him to step away from the car. Many state that there are mainly two causes that would arise such a fire i.e., use of cheap material to make the battery or negligence in maintaining the battery in the right way. Tata Motors can suggest the following solutions/reasons to manage their issue.

Solutions –

- i. Manual of charging EV vehicles – Do's and Don'ts of charging an EV to be mentioned clearly in manual. For e.g. – not charging a EV battery when it's hot. Let it cool down and start the charging process.
- ii. Right charging for such batteries and vehicles – Mandate using specific chargers and portals to charge these batteries/cars so as to avoid any malfunctions
- iii. Avoid placing these batteries in direct hot sunlight and in hot spaces. Excess heat can damage the internal wiring due to the presence chemicals like lithium.
- iv. Regular inspection by company service agents to ensure that the vehicle is fit for running smoothly as per EV battery standards. If not report the vehicle and send it to manufacturer.

2. Removal of Cyrus Mistry and reappointment of Ratan Tata as interim CEO.

In 2011 Cyrus Mistry was appointed to be the CEO for Tata Group. He is the son of Pallonji Mistry owner of a big building group called Shapoorji Pallonji in India.

However, within 5 years of his reign at Tata he was ousted out as the CEO and Ratan Tata was appointed as interim CEO for 4 months. The reason for Cyrus's discharge

was because the Tata Sons were unhappy with Mistry's approach of shedding non-profit business (Times of India, Oct, 2016). Mistry took some drastic steps to change the operations of the company and rejigged the functioning of a long standing high functional firm like Tata. This was completely in contrast to what Ratan Tata had established from 1991. According to reports Cyrus Mistry sold the Tata Steel in UK and engaged in a legal battle with Japan's Docomo over the split of their telecom joint venture Tata Docomo (Sinha, S. Oct 25th, 2016). For a firm that values integrity and ethics the most when a person compromises that and enters into legal battles with their stakeholders it was obvious that the stakeholders would retaliate. Also, it is important to set the “tone at the top” that demonstrates the company’s commitment to integrity and legal compliance (Johnson, C. Pg. 287. May 2022).

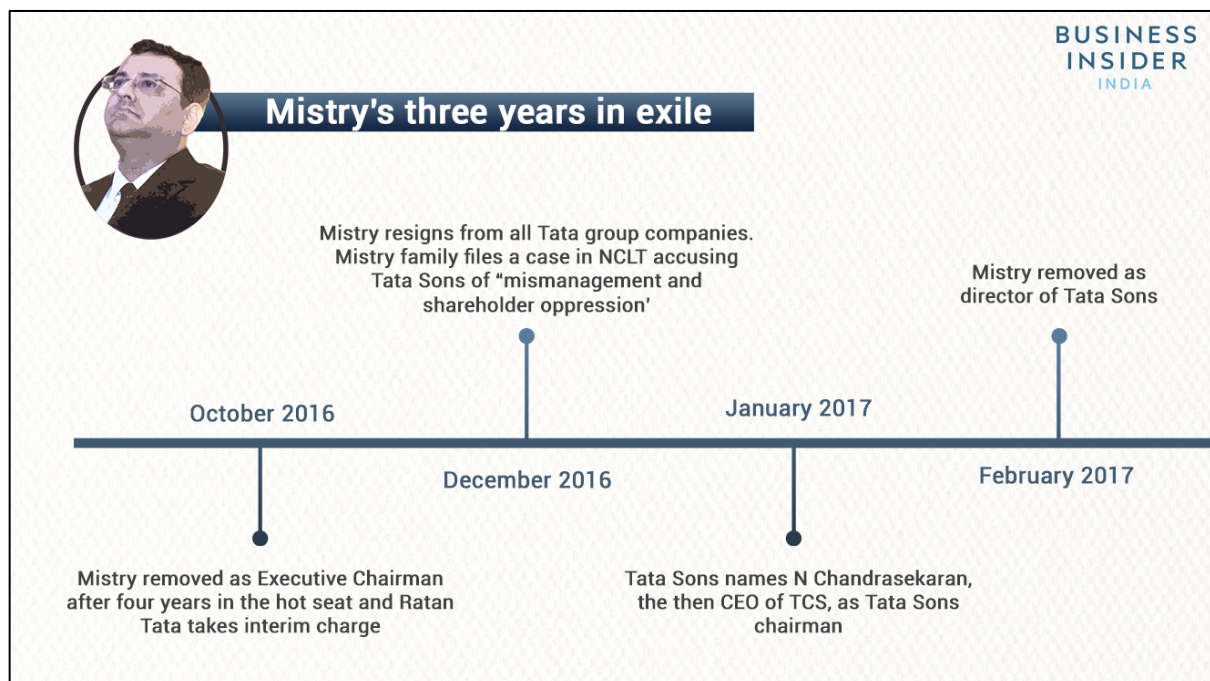
Solutions adopted -

- i. The company immediately set a panel of professional to reappoint the CEO and take immediate measures. As per the spokesperson from Tata Trusts – “The board, in its wisdom and on the recommendation of the principal shareholders, decided that it will be in the long-term interest of the group to replace Cyrus Mistry” (Hindustan Times, Oct, 2016).
- ii. Elected Ratan Tata as interim CEO – This itself would restore the faith of people and employees in the firm again because of Ratan Tata’s outstanding contributions and philanthropic management of the firm for 20 long years.
- iii. Handled the lawsuits charged by Mistry very tactfully and ethically – In 2021, Mistry Group appealed with a NCLAT (National Company Law Appellate Tribunal) against Tata and tried to regain his position. However, in May 2021 the supreme court dismissed their plea and Tata Group walked out of the litigation like a clean white shirt. After the hearing Ratan Tata the Chairman

Emeritus said, "We would like to express our grateful appreciation of the judgement passed and upheld by the Supreme Court today. It reinforces the value systems and ethics of our judiciary" (First Post, May 19, 2022).

- iv. Challenging the wrong in the right way – It is essential to raise your voice at things that are unjust and put your reputation in jeopardy. Tata Group showed that they would not be bogged down or fear from a lawsuit that their former CEO filed against them for “mismanagement” when in fact their management is their USP.

Below is a small snapshot of the series of the Mistry’s dissemination from Tata Group –



Conclusion -

In my opinion as the ethics advisor appointed for Tata I believe that the company puts its trust in its people and in all the right places that foster humane and ethical behaviour. It incorporates the ethical drivers, has right set of norms (codes) and most importantly the leadership that has made the company what it is today. Leaders play a particularly critical role in ethical transformation of a company and Tata Sons prove that point (Johnson, C. May 2022). With leaders starting from Jamsetji to Dorabji and Ratan Tata their visions shaped the economy of an entire nation and helped thousands of people. “Its commitment to work towards nation building, and maintaining standards of governance and ethical conduct that have guided Tata Group in all its businesses over the years (Ratan Tata, May, 2022). When gauged to see which ethical perspective would be most applicable for Tata Group – I think the firm imbibes all the 6 perspectives perfectly i.e.,

- Utilitarianism: Do the Greatest Good for the Greatest Number
- Kant’s Categorical Imperative: Do What’s Right Despite the Consequences
- Rawls’s Justice as Fairness: Balancing Freedom and Equality
- Aristotelian Ethics: Live Well
- Confucianism: Building Healthy Relationships
- Altruism: Concern for Others

With the aforementioned case studies, code of conduct and deep dive into the companies foundation and values it is one company I would also rank high in terms of ethically functioning along with achieving tremendous growth for the nation.

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