



## SOCIAL ACCOUNTABILITY AND IT'S EFFECTIVENESS IN STEEL INDUSTRY: A STUDY ON TATA STEEL

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### **Abstract**

*Social accountability mechanisms can contribute to improved governance, increased development effectiveness through better service delivery, and empowerment. While the range of social accountability mechanisms is wide and diverse, key common building blocks include obtaining, analyzing and disseminating information, mobilizing public support, and advocating and negotiating change. Social accountability mechanisms to be effective on the long run need to be institutionalized and linked to existing governance structures and service delivery systems. Effectiveness based on applicability of Child labour, Discrimination, Working Hours, Forced labour system, Collective bargaining system and Management system in TATA Steel . So these seven variables are more positively elastic in nature and maintain a standard effectiveness.*

**Keywords:** *Social Accountability, Sa8000, Tata Steel, Csr.*

### **Introduction**

Along with the CSR programmes corporate also provide internal safety and security at the work place including no discrimination, wage rate, feeling free etc. So it is important to measure also the effectiveness of SA application in the companies. So, for the measurement, beneficiary i.e. workforce at the company level are most specific respondents, which have been included in the study. So, this study corroborates both CSR and SA in the companies i.e. Nalco and Tata Steel in the present context.

The social accountability standard, its principles includes the working hours, pay, discrimination, discipline, forced labor, child labor, health and safety, and freedom of association. Most of these are based on ILO (International Labor Organization) conventions. Some include environmental principles. Others accept it for the establishment of management systems. It requires, at a minimum, compliance with the national laws of the host country. The major difference between the various social accountability standards is their intended market.

### **Social Accountability Standard (SA 8000):**

The way to legitimately demonstrate transparent and effective social accountability is to implement a robust management system. SA 8000 is a global social accountability standard for decent working conditions, developed and overseen by Social Accountability International (SAI). This is the first ever universal standard for ethical sourcing. It provides a common framework for ethical sourcing for companies of any size and any type, anywhere in the world. SA 8000 sets out provisions for issues such as trade union rights, the use of child labor, working hours, health and safety at work, discrimination and fair pay, managing company's risks in the business environment and also gives an opportunity to demonstrate good business practices and ethical trading.

### **Significance of SA 8000**

SA 8000 certification enables organizations to demonstrate your **commitment to** social accountability standards as well as employee and workers. SA 8000 is an **international certification standard** that encourages organizations to develop, maintain and apply socially acceptable practices in the workplace. It was created in 1989 by **Social Accountability International (SAI)**, an affiliate of the Council on Economic Priorities, and is viewed as the most globally accepted **independent workplace standard**. It can be applied to any company, of any size, anywhere in the world. The areas it addresses include forced and child labour, health and safety, freedom of association and collective bargaining, discrimination, disciplinary practices, working hours, compensation and management systems. SA 8000 also embraces existing international agreements, including conventions from the International Labour Organization, the Universal Declaration on Human Rights, and the United Nations Convention on the Rights of the Child.

### **Standard Elements**

SA8000 is based on international workplace norms in the ILO conventions and the UN's Universal Declaration of Human Rights and the Convention on Rights of the Child. These factors are considered below:

**1. Child Labour:-** Questions were asked to the workers on child labour and these are as: strict observance on child labour have been practices in normal places (below 15 years) including hazardous places (below 18 years) of the premise, If found, immediately reported to the contractor to take him out and stringent actions are taken and Company maintains strictly on record/documents of birth/ School/ Certificates or any certificates relating birth.



- 2. Discrimination:-** Observance on discrimination have been marked on race, caste, national origin, religion, disability and gender on Hiring, Remuneration, Access to training, Promotion, Termination, Retirement, Orientation and Union membership.
- 3. Forced Workers:-** A forced worker refers to all work or service which is exacted from any person under the menace of any penalty and for which they said person has not offered him voluntarily. All forms of forced or compulsory labor under every condition are intended to be prohibited by these provisions of SA8000. As part of that principle, SA8000 requires that every prospective worker be fully informed of the terms and conditions of the offered employment before his/her recruitment, pre-employment process and employment.
- 4. Health and Safety:-** Company provides a safe and healthy work place. Potential accidents/injury to workers is prevented. More fairly records are mastered for any accidents occurred in work place. Awareness programmes are organized frequently on safety and health issues. First-Aid facility is given in workplaces before shifting to hospital. Leave are automatically sanctioned to the injured without any factors process. Dangers at works place are completely avoided for workers as well as expectant mothers. Separate toilets are provided to female workers at the work places. Pure/safe drinking waters are also been provided more conveniently in the company premises.
- 5. Wages and remuneration:-** Recruitment on company is only through labour contractors to minimize cost, and jobs are provided to land displaced persons.
- Maintains the industry minimum wage,
  - Minimum wages are sufficient to meet basic needs,
  - Provide some discretionary income (living wage)
  - Deductions are strictly made from salary on disciplinary punishments.
  - Overtime rate are passed as per the company on normal pay
- 6. Working Hours:-** Company force to work more than 48 hours per week with normal pay. One day off are allowed after six consecutive days of working in the company. Comply with local and industry laws, hours cannot exceed 48 hours, 12 hours overtime per week, one day off every seven days and overtime is voluntary unless under exceptional labor-union agreement concerning urgent business needs applies.
- 7. Security:-** Company provides all safety measures on mainly working with electrical, transportation, chimney, production, cleaning the surfaces. Safety awareness level is also high in the companies. Safety measures have also been taken in loadings, i.e. head loadings, loading on shoulders, heavy lifting etc. They can use mechanical devices also for this type of loadings. Personal protection i.e. to protect eye, head, hand etc is compulsory in all the accountability system .
- 8. Free Association:-** Freedom of association is primarily manifested through the right to join a trade union, free speech or debating. It is closely linked with the social accountability particularly under the freedom of assembly. So to measure the implementation effectiveness, the certain questions were asked to the workers such as Signing collective bargaining, Liberty to join any Trade Union, Improving labour standards, Increasing salary, Trainings for employees, Submitting claims, Creating conditions for good corporate culture, Granting free days to employees for community work, Informing employees about the corporate policy, Social protection for employees, Legal protection of employees, Company act very normal on bargaining process and Company allows holidays/leaves to observe religious rituals.
- 9. Management system:-** Management defines policy, appoints a senior management representative to enforce principles, allow workers to elect worker representative to facilitate communication concerning standard. The top level as well as middle level and junior level management are highly committed to their works and accountable. This ranges between 85% to 98%. Incident management are also been implemented through analyzing the cases and major committees are also been framed for any mishap or hazard immediately to enquire it properly.
- 10. Discipline:-** Discipline is a course of actions leading to a greater goal than the satisfaction of the immediate. So to measure its effectiveness, the following questions were asked. Explanation to workers is enforced as punishment on work violation. Grievance cell runs more effectively. Violation of any practices is punished more strictly and awareness to maintain it is being done more frequently.



### Scope of the Study

India is a fast growing economy and is booming with national and multinational firms. At the same time, the Indian land also faces social challenges like poverty, population growth, corruption, illiteracy just to name a few. Therefore, it is all the more imperative for the Indian companies to be sensitized to CSR as per the SA8000 standards in the right perspective in order to facilitate and create an enabling environment for equitable partnership between the civil society and business. The scope of the subject is quite vast. However, keeping in view, the resources and time constraints, the scope of the work was confined to a review of the characteristics and elements of the SA8000 Accountability standard specific to non-executives and contract workers of Tata Steel.

### Relevance of the Study

The present study is intended to analyze the positive impact of Social Accountability 8000 standard on the working condition of non-executives and contract workers. A critical review of SA8000 system will help us to understand this standard as a better tool of social performance, particularly when it is done with reference to the provision of the ILO and the various National Acts. SA8000 (Social Accountability 8000) standard is a first universal, auditable social standard developed by SAI (Social Accountability International) in the year 1997.

### Objective of the study

1. To understand the Corporate Social Accountability (SA) prevailing in the companies under study.
2. To study the different developmental activities undertaken by Tata Steel and NALCO.
3. To measure the perception of workforce of Tata Steel and Nalco after implementation on social accountability.

### Research Design

1. **Sample Unit:** The research deals with the employees who deal with social accountability and the beneficiary i.e. work force who directly or indirectly gain the benefit of CSA activities.
2. **Sample Size:** The sample size of the study is 300 work forces.
3. **Sampling Method:** The population is first segmented into mutually exclusive sub-groups, just as in stratified sampling. Then judgment is used to select the subjects or units from each segment based on a specified proportion. Quota sampling is useful when time is limited, sampling frame is not available, research budget is very tight or when detailed accuracy is not important. A quota sample is a convenience sample with an effort made to insure a certain distribution of co- variables.

### Data

In order to achieve the objectives of the present study, the primary data as well as secondary data have been used.

1. **Primary data:** It has been collected by using a structured questionnaire. The population being large, the survey was carried among 300 employees and contract workers from each plant sites, different work areas, and different contractors in each company. Out of 600 questionnaires received, three questionnaires were rejected as the respondents were unable to respond to all the questions and 297 were found valid for all purpose. The respondents were selected through random sampling technique.
2. **Secondary data:** The data has been collected through interview method. The secondary data have been collected from files, records, leaflets, brochures, company reports, different news papers, magazines, newsletters, internet etc.

### Statistical Tools for Analysis: Regression analysis, Dependent factor: Applicability effectiveness

**Hypothesis:** No significant Effective implementation of Social Accountability among the factors.

### Analysis and Interpretation of Data

Table -1: Tata Steel				
Variable inserted	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate
Discipline, Forced labour, Wages, Management system, Child labour, Working hour., Health & Safety, Discrimination, Security, Collective bargaining	0.809	0.654	.184	1.277
<b>a.</b> Predictors: (Constant), Discipline, Forced labour, Wages, Management system, Child labour, Working hour., Health & Safety, Discrimination, Security, Collective bargaining				
<b>b.</b> Dependent Variable: Satisfaction on Applicability Satisfaction				
<b>c.</b> Selecting only cases for which company type = <b>Tata Steel</b>				

Source: own survey



In the process of inserting the variables (10) in the regression analysis on the perception of satisfaction on workers and this Effectiveness measurement has been measured by consolidating all the 10 variables of Social Accountability of TATA Steel. The results have been shown in output table – I and the correlation coefficient (R) between SA variables (10) and satisfaction on applicability of SA shows 0.809, which indicates a highly positive and significant relationship. Further, the coefficient of determination in this case shows about 95 percent. This model explains the different levels of satisfaction depending upon the variations in SA factors. As a further measurement of strength of the model the standard error of the estimate is compared with the standard deviation of SA factors reported in the output table – II. The total satisfaction revealed in shape of adjusted R square is 0.0.654 with a standard error of 1.227 which is much higher with the change in factors of SA.

**Table -2: Output -II: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	60.783	10	6.078	3.725	.003 <sup>a</sup>
Residual	466.732	286	1.632		
Total	527.515	296			

Source: own survey

a. Predictors: (Constant), Discipline, Forced labour , Wages, Management system, Child labour, Working hour., Health& Safety , Discrimination, Security, Collective bargaining

c. Dependent Variable: Applicability Effectiveness

The ANOVA output table –2 reported a significant F statistic of 11.700, indicating the significance value to be 0.003. This indicates that the regression value has a higher impact on satisfaction. Further, nearly 97 percent variation has been marked in residuals which are explained by the change in SA factors. It signifies that more satisfaction could be expected from the applicability of SA factors as it varies with the change in satisfaction.

**Table -3:OUTPUT-III: Coefficients a,b**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	1.175	.404		2.910	.004	.380	1.970
Child labour	.136	.086	.093	1.575	.116	.306	.034
Discrimination	.114	.059	.112	1.930	.055	-.002	.231
Health	-.003	.067	-.038	-.645	.520	-.174	.088
Wages	-.007	.103	-.010	-.165	.869	-.219	.185
Working Hour	.036	.075	.029	.481	.631	-.111	.183
Forced Labour	.231	.064	.231	3.597	.000	.105	.358
Collective bargaining	.030	.091	.021	.335	.738	-.148	.209
Security	-.04	.062	-.115	-2.006	.046	-.245	-.002
Management system	.134	.066	.117	2.042	.042	.005	.264
Discipline	.224	.071	.184	3.161	.002	.084	.363

a. Dependent Variable: Applicability Effectiveness

Source: own survey

The output table – 3 shows that, determining the relative importance of the significant predictor i.e. Effective factor of SA, is having a high standardized positive coefficient Beta value . Further, the standard error reveals insignificant values, which can be taken as more effectiveness based on applicability of Child labour, Discrimination, Working Hours, Forced labour system, Collective bargaining system and Management system in TATA Steel . So these seven variables are more positively elastic in



nature and Beta (unstandardised) values indicate a negative value on Health(-0.003), wages(-0.07) and security(-0.04). So company may take necessary steps to maintain a standard effectiveness as these are negatively elastic with the constant of 1.175 .

### Conclusion

It is concluded that these two companies are very sincerely and effectively implanting the SA norms as per the standard and no dissatisfaction arises except some minor differences an awareness and trainings and discipline. The junior level officers also try better implementation as when the workers would be more conscious and safety, problems would also be minimized as effectiveness based on applicability of Child labour, Discrimination, Working Hours, Forced labour system, Collective bargaining system and Management system are more positively elastic and negatively elastic with the constant of 1.175, which hampers the effectiveness but very meagerly..

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