

# The Tata Tea-ULFA Story

– Dr. Sunil Sahadev

The Tata Tea-ULFA story brings to the fore, extremely sensitive issues about a firm's responsibility to the society. The case also poses some critical but difficult questions about business ethics. Like the mining industry in Central Africa or the oil companies in the gulf region, business has always found ways of exploiting the geo-politics of a region to its advantage. In fact, in the US, the home of free market capitalism, the cozy relationship between the business and government has received a high level of respectability.

Nearer home, the Bombay club (of which the Tata group, ironically was a prominent member) had a big role in propping up the freedom movement and subsequently laying out the framework of the post-independent India. But the Tata Tea-ULFA story goes much beyond the attempt by a profit-oriented organization to influence the policies of a democratically elected government. The case involves larger questions like a firm's complicity in supporting an organization which avowedly works towards dismantling a sovereign government, the question of trust between a federal government and the provincial government, a firm forced to become a party to the games played by politicians of different ideological hues, of a government's vindictiveness and more than that a firm's right to carry on its operations in a country.

The case can be looked at from different perspectives: From the Assam Government's perspective, from the Central Government's perspective, from the company's perspective and also from a general ideological perspective. Since the three main parties to the dispute have strong justifications for their actions, it is difficult to take sides and argue in favor of a particular side. What is, however, possible is to take a broader view of the whole issue and present the different perspectives by linking it to the general, broader framework of theories.

Actions, when taken in the public domain (where they are bound to impinge upon the freedom or aspirations of other social entities), whether by individuals or groups have to be guided by some moral standards. Bereft of moral standards, an action could be interpreted as evil or criminal. But those who commit even the most heinous of crimes would vouch for their own version of moral standards. Moral standards are thus very difficult to interpret and even more difficult to enforce. As Jennings (1997) says: "Moral standards can be derived from different sources, and there is often much debate among ethicists about the origins of these standards."

Moral standards could be based on: (i) actual or positive law or on (ii) universal or natural law. The positive law-based moral standards permits any action only as far as it does not violate the existing legal code of the day. Thus, any action has to be sanctioned by the law of the land. As opposed to it, the natural law-based moral standards stretch the idea of moral standards further

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and say that some moral standards exist in spite of the existence of law. This, although sound in logic, actually creates more confusion and allows for various (often conflicting) interpretations of the morality of the actions.

Another pertinent concept that could be applied in the situation is the idea of moral relativism (also called situational ethics). This idea argues that moral standards should be established only after analyzing the situation in which the moral dilemma is faced. Violation of law for example is permitted if one is stealing to provide food for one's starving family. In this case, TATA Tea is using precisely the same concept, to defend its actions.

A relativistic approach is fine as long as potential harm to the affected parties is limited. That is, if one is stealing a loaf of bread from a baker, it can still be proffered morally justifiable since the harm is limited to a baker, but if the impact of one's actions could be widespread and could create harmful precedence, then, even if one could link the illegal actions to an indirect moral good, it is difficult to justify. By colluding with ULFA, Tata Tea, has indirectly harmed the interests of the nation. Further, it creates precedence that could motivate other insurgent activities within Assam and outside, thus neutralizing the strength of Tata Tea's argument which is based on the fact that they had to do all this to ensure the smooth functioning of their estates, which ensures employment and tax revenue.

Of course, what will any social entity do if it is being threatened by external elements totally out of the control of the society? One alternative is to resist it—which the Tata's tried, but to no avail. The other alternative is to collude with it. The Tatas in fact have been very sensitive to this issue of directly colluding with the insurgents. By investing in social infrastructure, they have set some sterling examples of corporate social responsibility. However, the stigma of willful collusion with anti-national forces still persists.

Jennings (1997) further elaborates on the different ethical paradoxes faced by businesses, on the basis of the phrases normally used for rationalizing seemingly unethical behavior. The six key phrases of rationalization used are:

- "Everybody else does it"
- "If we don't do it they will get someone else to do it"
- "That's the way it's always been done"
- "It doesn't really hurt anyone"
- "The system is unfair"
- "I was just following orders"

While phrases like "Everybody else does it", "It doesn't really hurt anyone" or the "System is unfair" could be used to argue the Tata case, it will always remain as an excuse for an action that clearly violates law. Subsequent efforts to inform the central government or the total rejection for the demand for 'walkie-talkies,' goes a long way towards redeeming the stature of the company.


The case further underlines the need for an effective system, to streamline the interlinkages between large corporate houses who have a presence in several states and the state governments.

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Some of the large corporations, by virtue of their size, have more resources than several small states in the country. While the state governments are hard-pressed to influence them, the corporate houses often tend to deal directly with the central government. The TATA Tea-ULFA story illustrates how both the state governments and the corporate houses can work at cross-purposes, just because the central governments stepped in to guide the corporate house. The stories with the other tea estates in Assam are pretty much the same.

Who is to blame for the sorry state of affairs? While everybody has their actions to defend, it's basically the case of a society feeling deprived of what they expect, which further gets acerbated by the regional and ethnic divides. The TATA Tea -ULFA controversy is an illustration of the fact that a firm cannot exist in an island surrounded by a sea of deprivation and poverty. It is not just the physical resources that a company derives from the society; firms also need a peaceful and supportive environment to work and grow. Social responsibility is thus not a favor that a firm does to the society, it is a strategic investment that has to be made for future goodwill. 

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Reference # 14-03-02-01

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### **References**

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