

RESEARCH COMMUNICATION

CORPORATE SOCIAL RESPONSIBILITY AND ETHICS : AN INDIAN PERSPECTIVE

¹Vishakha Sharma*, ²Akshita Gaur and ³Vibhor Goyal

^{1,2,3}Assistant Professor, Management Department, Subharti Institute of Management and Commerce, Swami Vivekanand Subharti University, Meerut, Uttar Pradesh, INDIA.

*Corresponding Author : vishakhasharma20@gmail.com

ABSTRACT

India, a civilization of thousands of years old carries a resonance legacy of delivering duties and responsibilities at every sphere of life, whether parents to children, children to parents, brother to sister, sister to brother, or towards friends or society as a whole. India is a diversified country full of languages (18), castes (64), religion (6) and festivals. Indians have always set examples of sacrifice and ethics to the whole world. Corporate Social Responsibility (CSR) should not be a new concept for India and its environment. Responsibility and ethics flows in the veins of Indians. Indians and Indian culture are respected everywhere for their sense of responsibility, ethics and accountability towards each other. They inculcate the morals and values from the very beginning of the life of a child to help him to become a good human being to maintain an ethical society. People within the society join an organization and helps in developing the culture of the organization. Employees within an organization sow the seeds of ethical or unethical values, whatever they bring with them to the organization and nurture the crop of different culture and ethics in the organization. Basically people performing in the organizations decide its level of responsibility towards different sectors of society. In today's fast moving competitive globalised world man is becoming more and more materialistic and selfish to attain objectives of his life. It is really a matter of solemn consideration that as human beings today they are ignoring their social responsibilities at large and are becoming self centered. They are exploiting and even damaging their natural resources as well as this life giving planet Earth. In the present article author has tried to give a thought to this present fiery issue and to investigate some of the factors why is it happening to the mankind, why they have turned so inhumane that social responsibility, ethics are becoming the topics of discussion rather than their natural flow in their lives.

Keywords : CSR, Ethics, Indian Culture etc.

1. INTRODUCTION

Corporate Social Responsibility means corporate at its social front.

Corporate: Organized Business Entity

Social: Anything concerned with people

Responsibility: Accountability

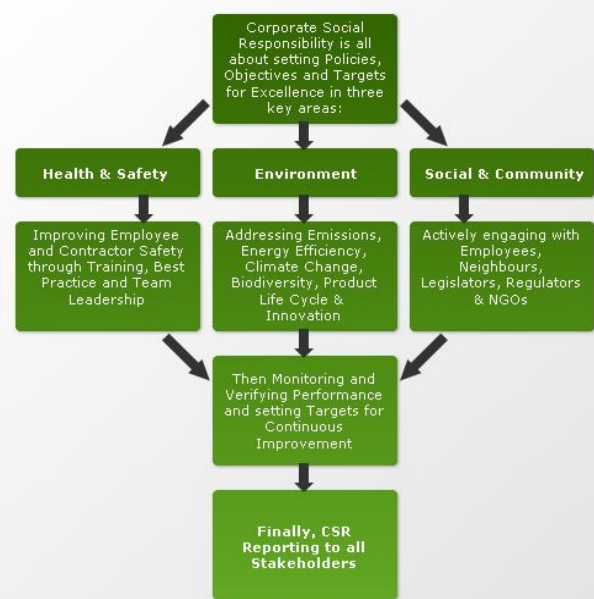
Humans are the colonized civilians and lives in a society that follows the theory of give and take. They all are responsible for different people, things etc and vice versa. Responsibility and ethics are something that makes us humans in the real sense. But how many of us owe their responsibility properly or even aware of it? To be socially responsible one has to be responsible first. There should be a proper understanding of responsibility that to whom they are responsible, why they should be responsible, and how can they fulfill their responsibilities?

Corporate Social Responsibility Defined : Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

CSR is how companies manage the business processes to produce an overall positive impact on society.

Corporate Social Responsibility : "Corporate social responsibility is operating a business in a manner which meets or excels the ethical, legal, commercial & public expectations."

Corporate Social Responsibility (CSR) - what does it mean?



CSR implies open and transparent business practices based on ethical values, respect and care for everyone, whether employees, environment or community as a whole. Broadly we can classify CSR into two dimensions:

- Those who have a contractual relationship with the business directly like employees, shareholders, customers, suppliers etc.
- Those whose lives are impacted by the behavior of business indirectly like society, environment etc.

2. SOURCES OF ETHICS

Genetic Inheritance : It is the genes present in body inherited by parents that act as traits followed by the presence of ethics and values in a person.

Family : “Matru Devo Bhava”. House is the first school and mother acts as the first teacher for every child. They learn what they see. Morals are taught in the house by the parents especially mother.

Religion : religion binds people together. It enlightens us with the knowledge, values and morals.

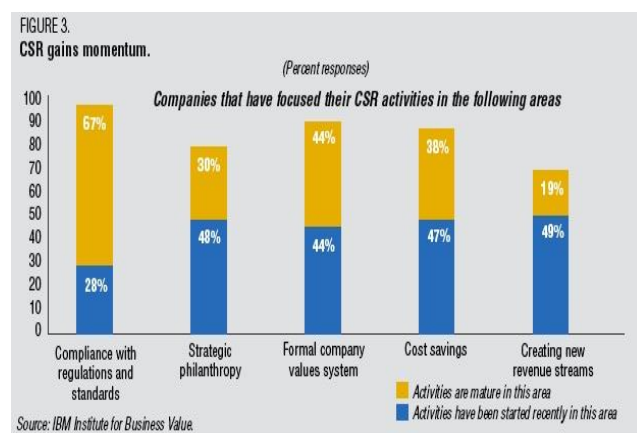
Philosophical System : They teach us the pleasure of being good. They help us in developing an understanding for self actualization and self realization.

Culture : The society within which one grows and develops directly plays a big role in mounting ethical know-how.

Organization : Place from where one generates its lively hood and opportunity to grow in professional life have a critical effect on value building.

Legal System : Rules and regulations of the country from which an individual belongs also play a source of ethic building in one’s life.

3. CSR GAINS MOMENTUM



Indian Tradition of Ethics and Responsibility : *Rigveda* spreads the dignified notion “let noble thoughts come from

every side”

Loksamgraha (*Gita*) aims at working for good of all without any proclivity to exclusively for your own sake or for the good of your own people. It aims working for the benefit of whole community.

The great epic *Ramayana* exposes different characters depicting values and ethics throughout their lives. Rama, Lakshmana, Bharat, Sita, Hanuman and many others are the epitome of idealism and values.

Epic of *Mahabharata* is composed of numerous stories related to the philosophy of human relations and their role in the society, governance; judiciary etc.

Steps to be Ethical : “Act in a way you expect others to act towards you.”

It is not hard to be ethical, what is required is just to understand ourselves, purity of spirit, sense and respect for their culture and its values and love for nature and humanity. Managers face ethical dilemma and challenges due to Globalization and work force diversity

Ethical judgment could be made with the help of Ethics analysis and Ethics resolution. Ethic analysis is the rational step of moral argumentation and dialogue designed to identify, interpret, prioritize, and weigh the key resources for managing and resolving ethics conflict. Ethic resolution is the rational step of meeting a firm justified decisions and bringing ethics analysis to a final conclusion.

Business Ethics v/s Social Responsibility : Business ethics and social responsibility are commonly used in everyday parlance almost interchangeably. While social responsibility is self explanatory, ethics is a word that puts one in a dilemma. Social responsibility looks clearly defined and demarcated. Companies have a policy of social responsibility known as corporate social responsibility whereby they commit to follow their businesses in such a way so as to benefit the community at large. But ethics is a loose term that is dependent upon a person’s conscience. There are certain differences between the two and the two are not overlapping completely.

Business Ethics : Before moving to business ethics, we need to spell out clearly the word ethics. Derived from ancient Greek word ethos, ethics has come to mean moral character. Ethical behaviour is what is good or right. Ethical senses always make use of good, bad, right and wrong. Applying this definition to business, we come to a conclusion that though the primary objective of any business or company is to maximize the profits to shareholders, stakeholders also need to be kept in mind; they are directly or indirectly affected by the decisions taken by the company for the operation of business.

Business ethics is the behaviour of any business that it

indulges in its dealings with the community or society. For some, making money is all they are interested in, and this is capitalism in its dirtiest form. These people are least concerned with the bad effects of their business practices and the harm they are doing to the society at large.

When companies do not engage in good business ethics, they are penalised by the law. But such cases are rare and the profits of companies engaging in unethical behaviour are far more than these punitive fines.

Social Responsibility : Man is a social animal and cannot live in isolation. He is expected to behave in a manner that is socially and morally acceptable to others. The same applies to businesses. Though the primary objective of any business is to earn maximum profits for the owners and shareholders, it is also expected to conduct its operations in a manner that it fulfills its social obligations also. For example, though it is not binding on any private sector company to provide employment to the disabled or weaker sections of the society, it is considered to be a part of the social responsibility of the company to absorb people from such sections of the society. Similarly though there is not written law to compel a company to engage in acts to do something to reduce pollution or to do something for the betterment of environment, taking up projects to clean up environment are considered to be a part of the social responsibility of the company.

4. DIFFERENCE BETWEEN BUSINESS ETHICS AND SOCIAL RESPONSIBILITY

Though business ethics and social responsibility seem to be overlapping, there has always been a contradiction between the two. Companies, though they are committed to be socially responsible for their behaviour have been found to be engaging in acts that cannot be called ethical.

What is good for the society is sometimes not good for the business, and what is good for the business is almost always not good for the society.

If the society is conscious, it responds in such a way that businesses are forced to behave responsibly. The same applies to the administration and the judiciary of any country.

Selling of liquor and tobacco in any society is not against business ethics though it may be against the principles of social responsibility. The same applies to lotteries and gambling. But it is certainly against business ethics as well as against social responsibility to entice minors to engage in smoking and drinking.

Examples from Business World

McDonald : The impact of Corporate Social Responsibility has been very much embraced by Mc Donald's and shows in a concrete way the impact of such responsibility.

McDonald's is the world's largest chain of hamburger fast food restaurants.



According to the McDonald Corporate Social Responsibility website, McDonalds is all about taking action in order to achieve results. They believe that it is vital to always keep open lines of communication with customers and other key stakeholders. In 2007 McDonald's began a sustainability project with the aim of improving conditions for farm workers in the Florida tomato industry, they realized that these workers and the land they still were all a vital part of the Mc Donald's industry, even though they were far removed from the actual burger outlets. This in turn promotes good environmental practices in the land-based agricultural supply chain and makes the farm a sustainable business, which in the long term is of benefit to Mc Donald's. McDonald's purchase only 1.5% of Florida's tomatoes annually, but their actions spread out like the ripples from the stone thrown into a pond and have lead to industry-leading grower standards that improved working conditions in other farms in Florida and have made the farms a sustainable business. There are other corporate bodies that were not involved in social responsibility and are now becoming involved perhaps because of "corporate accountability strategies by civil society groupings...can play a role in altering the context, facilitating improvements in the way corporate activities affect local workers/communities."

V.P. Udyog Ltd : As an agricultural products and renewable energy exports company, corporate social responsibility is part of their culture of trust. It echoes their long-standing commitment to economic prosperity for them and the world. It embodies their belief in giving back to the communities where they do business and the environment where they operate in. They are aware that their global reach demands exemplary stewardship in environment-friendliness. They are passionate about and dedicated to minimize environmental impact, launch new businesses dealing with renewable energy sourcing and seek to reduce their carbon footprint. The pillars of their corporate social responsibility are:

Their Value : Staying environment-friendly across their businesses encourages us to act as responsible corporate citizens.

Their Processes : They look upon innovation as a way to preserve and protect their environment, by using energy and resources more wisely. Thus, they consciously choose spinning mill vendors located close to the sea port (which

also helps reduce energy costs). This helps us and their customers shrink their environmental footprints.

Their People : They want to create socially aware, active and conscious people who respect their planet. They conduct regular awareness programs among their employees to reduce consumption of paper and conservation of water and electricity.

Their Premises : They understand that change begins from within. They are currently installing energy-efficient LED lighting across their office and warehouses, and this will soon move to other areas. Lately, they have moved most of their paperwork to the “cloud” reducing it by 50% within a year.

Their Client : They respect that clients today are aware of their responsibility towards the earth and encourage partnerships with those who share their vision

Avon Cycle Limited : They adopted the responsibility to provide healthcare solutions to poor and ignorant of India’s rural population at their reach. The MATAKAUSHALYA DEVI, PAHWA CHARITABLE HOSPITAL run by the organization formulated a scheme titled 'Celebrated Female Child' to inspire positive and enduring environment for society's all-consuming passion for 'sons only' to end

Steps taken by government towards CSR : India has a long tradition of altruistic and community programs. Nearly all leading companies are involved in CSR activities in one way or other. Though it is a voluntary program, government of different countries including India are also introducing different schemes to motivate the corporate world to participate in such activities and fulfill their social responsibilities. Government of India has proposed several awards to enhance corporate world to fulfill their responsibility towards society

- In 2009, the government made it mandatory for all public sector oil companies to spend 2 per cent of their net profits on corporate social responsibility.
- Besides the private sector, the government is also ensuring that the public sector companies participate actively in CSR initiatives. The Department of Public Enterprises (DPE) has prepared guidelines for central public sector enterprises to take up important corporate social responsibility projects to be funded by 2-5 per cent of the company's net profits.
- Government everywhere including India use taxation measures to encourage or discourage the utilization of resources for a particular sector, area or class of citizens.
- Golden Peacock Environment Management Award and Golden Peacock Award for Corporate Social Responsibility.
- The Tamil Nadu Government has awarded the prestigious Corporate Social Responsibility Award to Hyundai Motors India Limited for the year 2009-2010.

It was facilitated for its philanthropic activities in the areas of community development, education, road safety and preservation of art, culture and heritage.

5. CONCLUSION

Samasta Jananaam Sukhino Bhavantu : It is the moral duty of being a human being that our actions should be guided for the welfare of the whole community. Many of the problems of the contemporary society like domestic abuse, violence, crime, drug addiction, verbal aggressiveness, suicide etc are the results of lack of ethics both individually and society as a whole. When managers deal with poor work habits, disrespect for authorities, employee sabotage, sexual harassment, antisocial hostilities, all these can be viewed as results of lack of self control. Sometimes anger arouse out by something unjust, mean, intolerable or unworthy act and known as resentment. Such resentment is caused basically due to unethical act or behavior of others. Time has come to understand the fact that business can survive in long run only if they ensure the well being of the society in which they activate their functions. Thus we should avoid practicing unethical means.

6. SUGGESTIONS

Ethics and values are the most important aspect of every society and society is developed by its members who further join organizations or business world to exploit their potentialities. Thus how an organization behaves (ethical or unethical) largely depends on its employees and overall management. Religious and spiritual understanding helps us to be ethical and developing a code of conduct accepted and respected by all. Some of the Indian philosophies are discuss below to inculcate ethics:

- *Yoga* : It develops a link between the individual and the supreme power helping in purifying our soul.
- *Yama* : It implies social and ethical discipline in the life. It relies on the theory that one should not desire things that are not required in one’s life.
- *Ahimsa* : It relies on non violent behavior. Jain religion believes on the theory of “ Jiyo aur Jeene do”.
- *Satya* : One should believe in truth and accept its importance.
- *Asteyam* : It implies not to steal. One should not have desire for other’s things.
- *Brahmacharya* : celibacy. One should practice self control.
- *Dhyan* : Meditation. It helps in self realization and self acceptance. If one practices prayer and meditation, one can get peace of mind and can earn wisdom to tolerate the extremes of life.

Greed, ego, pride, jealousy, hatred, selfish and all negativities should be thrown out of our lives to maintain a peaceful life for self and also for others

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