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ETHICAL APPROACH TO CORPORATE SOCIAL RESPONSIBILITY – THE INDIAN PERSPECTIVE

Prof. Nisar Ahmed I. Mulla

Professor and Head of Department of Commerce, Maulana Azad National Urdu University, Gachibowli, Hyderabad.

ABSTRACT:

Ethics constitute a part of business which is as old as civilization itself. Economic, legal, ethical and philanthropic categories of responsibility of business have been identified. Ethical responsibilities comprise of a range of norms, standards or expectations of behaviour that relate to concerns for what consumers, shareholders, the community and other stake holders regard as fair, right and justified. Corporate Social Responsibility has been the focus in India's long tradition of paternalistic philosophy. Industrial families in India established temples, schools, higher education institutions, etc. for public use during 19th century. Corporations in India started focusing on need based initiatives aligned with national priorities such as public

health, education, livelihood, etc. Legal provisions for implementation of Corporate Social Responsibility activities by private and public sector limited corporations have been incorporated under Companies Act 2013. Industries in India have realized the necessity of incorporating Corporate Social Responsibility into their business strategies.

KEYWORDS: *Economic, legal, ethical and philanthropic categories.*

INTRODUCTION

Corporate social responsibility is basically concerned with philanthropic, ethical, environmental and legal as well as economic responsibility. Ethics constitutes a part of business which is as old as civilization itself. Responsibility that business has towards society is termed as Corporate Social Responsibility. Four categories of responsibilities for business have been identified viz. economic, legal, ethical and discretionary or philanthropic. Ethical responsibility includes

those activities, practices, policies or behaviour that are expected or prohibited by societal members. Ethical responsibility comprises of a range of norms, standards or expectations of behaviour that relate to concerns for what consumers shareholders, the community and other stake holders regard as fair, right and justified. Corporate Social Rationalists, for example, Kautilya from India and pre-Christian time thinkers in the West lectured moral standards, while working together. The modern groups of the nineteenth century had solid tendency towards philanthropy and other social thought. Amid this period, mechanical families set up sanctuaries, schools, advanced

education organizations and other framework of open use. In India Corporate Social Responsibility alludes to changes extra time in social standards of partnership's commitment and the manner in which business figured out how to create positive effect on networks, societies, social orders and condition in which those enterprises worked. Step by step companies in India began concentrating on need based activities lined up with the national needs, for example, general wellbeing, training, job, water preservation and regular assets the executives.

CSR as a build that "incorporates the monetary, lawful, moral, and optional desires that society has of associations at a given point in time" (Carroll 1979) In 1991 Carroll showed these four errands in a pyramid, which requested business obligations with relative significance, with financial duties accepted as essential, trailed by lawful, moral lastly altruistic duties.



Source¹

The goal of every organization is to achieve profit but in case of CSR the three objectives which they have is 3P's planet, people and lastly focus is on the saving of planet work for the human being i.e., people the profit will come on its own.

Legal Provisions for Corporate Social Responsibility under Companies Act 2013

Implementation of Corporate Social Responsibility has been made mandatory by the Government through legislative measures. Companies Act 2013 provides for the activities under the Corporate Social Responsibility by the companies. Under the Companies Act 2013 with impact from first April 2014 each organization – Private Limited or Public Limited, which either has a total assets of Rs. 500 crore or turnover of Rs. 1000 crore or net benefit of Rs. 5 crore needs to spend at any rate 2% of its normal net benefit for the promptly going before 3 money related a very long time on Corporate Social Responsibility (CSR) exercises. The CSR exercises ought to be those referenced in Schedule VIII of the 2013 Act. The exercises attempted by the organization under CSR commitments incorporate destroying appetite, neediness and hunger, advancing preventive human services, advancing instruction and advancing sexual orientation fairness, and so on. The organizations need to establish a CSR Committee of their Boards. Joint endeavor of CSR exercises can likewise be attempted by organizations. The moral way to deal with Corporate Social Responsibility is suggested in these legitimate arrangements under the Companies Act 2013.

Need for Effective Strategies for CSR in India

An effective and need based strategies of CSR will yield intended results through such investments. CSR can be achieved by aligning CSR initiatives with business objectives. This would help in benefiting and increasing their own incentive for efficient programming. CSR initiative should be designed in a sustainable manner and should be result-oriented. This would help in creating indirect advantages such as brand visibility partnerships, business opportunities, long term community relationships and national development itself.

There is a provision for mandatory reporting standards in the Companies Act. It will aid in creating uniformity and accountability of actions and become a measure of the impact these activities will have.

Sources of ethics are genetic inheritance. The inheritance of ethics morals or good behavior from your family and parents.

¹ Carrolls Pyramid of Corporate Social Responsibility, Carroll's Pyramid of CSR: Taking another look, Archive B. Caroll, International Journal of CSR 2016; 5th July 2016, <https://doi.org/10.1186/s40991-016-0004-6>

Family: From the day you are born the values are inculcated in you.

Religion: All religion says & implements ways to behave good.

Philosophical System: It shows the rewards for behaving good helps in development of satisfaction level to go the level of self actualization.

Culture: The national, religion, regional culture contributes a lot organization. Every organization is different but still have some unique to be taught to the employees.

Legal System: “By hook or by crook” if you don’t follow good behavior you are liable thorough law to behave.

Difference between Business Ethics and Socio Responsibility: (Page No.)

Steps taken by Govt.:

This is the responsibility to act rally and ethically with this responsibility, business should go beyond narrow requirements of the law, Example Treatment of suppliers and employees.

REVIEW OF LITERATURE

CSR Communication procedures: that are adjusted to buyers' social foundations could be basic (Ding 2006), particularly when the message substance and group of onlookers' message observation are attached to social qualities (for example Kim and Johnson 2013).

CSR Activities: Communication professionals actualizing CSR or CRM battles crosswise over various social gatherings ought to deliberately analyze group of onlookers' social foundations and their effects on people's message preparing, and grow socially versatile messages.

As indicated by Jai Prakash and Sharma, Corporate administration became a force to be reckoned with in the mid 90s after the issue of approaches and practices of Junk Bond Fiasco of USA and disappointment of Maxwell, BCCI and Polypeck in UK. India had a trick of Harshad Mehta in 1992.

ETHICAL PRACTICES FOR INDIAN BUSINESS

The following ethical practices would help Indian Corporate Business for achieving global recognition.

1. Flow of Information – Providing information to the stakeholders is useful in remaining transparent and influence corporate behaviour. It is relevant to use internet as a common medium of managing its own website. It is practical measure to put documents on the websites, managing public relations through continuous involvement in press releases and other forms of disclosure for broadcasting information to stakeholders. Information flow is gaining high degree of importance in ethical test of corporate activities.
2. Complying with Government Regulations – Indian business firms operating in other countries need to comply with local laws and adopt practices relating to finance, tax and employment, etc. These are mandatory to remain in good books in the host nation. It is necessary to build business trust of corporate entities.
3. Adopting Ethical Practices in Marketing – Marketing ethics involves sensing, serving and satisfying customers. Corporate business has to deliver what is promised. Organizations ethical practices lead to the customers developing a positive attitude about the firm, its products and services. Customers should be satisfied by ethical practices of the firm. Consumers rank at the top among the stakeholders groups.
4. Adopting global accounting standards and avoiding practices like transfer pricing and tax avoidance – Indian corporates have been expanding their operations across the borders in the wake of globalization. This calls for uniformity in accounts for their facilities located in other countries. Financial statements should be disclosed via websites, newspapers for transparency.
5. Avoiding of Corruption and Bribery – Unethical practices like offering bribery to government officials, misuse of company assets for political favours, secret price fixing agreements, etc. should be prohibited.

6. Taking Care of Natural Environment – The problems of environmental hazards have been faced by the country in various ways such as ozone depletion, global warming, solid wastes, degradation of marine environment, water pollution, deforestation, land degradation, etc. Business firms need to make serious efforts to overcome these issues. Examples of cement industry which produces greenhouse emission is often cited in this context.
7. Use of ethical HR practices at work place and spirituality – Business ethics along with spirituality would go a long way in changing the way business is done. The teaching of ethics as part of curriculum to management students who will be future managers is a right step in this direction.
8. Adopting healthy HR practices – Corporate business units need to adopt healthy HR practices. These would meet both ethical aspects as well as gaining a competitive advantage for the organizations. These would help in retention of talent and improvement in productivity at workplace. These practices include safe working conditions, proper wages, non-discrimination on the basis of caste, religion, color, etc. in recruiting employees.

CONCLUSION

Corporate Social Responsibility and maintenance of high ethical standards is not an option but an obligation for all business. Industries in the country have realized the necessity of incorporating Corporate Social Responsibility into the business strategies. The CSR in India is moving in a positive direction. CSR will be a widespread practice and will ensure success in reducing inequalities without risking business growth.

Actions of an individual should be guided for the welfare of the community by using different means.

Individual should be taught the ethical values in the schools itself. So as to have self control in them this will help in exploitation, balanced growth, stability of the individual, groups, organization & motors.

Diverse modes of operations are brought in various measures are implemented in different areas to better the Social value system. Govt. has made it mandatory to diverse them 2% profit in any measure for the benefit of the society.

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