

# DIMENSIONS OF BUSSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY: BRINGING SOCIAL TRANSFORMATION IN INDIA

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By

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This research paper clearly brings about the Concept of Corporate Social Responsibility in much broader terms and also the interlink age with Business and market control. This paper plainly achieves the Concept of Corporate Social Responsibility in a lot more extensive terms and furthermore the interlink age with Business and market control. This paper will feature the vital idea of Business morals and job of CSR in India and advancements made till now. For the most part CSR is the solitary stage with the assistance of which the corporate or the business world location the partners. It is fundamentally the organizations' sole obligation to deliver a general positive effect on society. CSR is just a full-fledged opportunity for exposure as a firm attempts to look great through different earth or socially amicable activities without rolling out fundamental improvements that will have long haul constructive outcomes.



India isn't an exception. The concept of CSR isn't new to India; traditionally speaking, social duty of corporations is a well-set up phenomenon in India, and the U.S.A . has one of the global's richest traditions of CSR. In its oldest paperwork, CSR in India covered the idea of corporate philanthropy and the Gandhian Trusteeship version. however the liberalization of the Indian financial system inside the Nineties led to a essential shift from the philanthropy-based version to a multistakeholder technique wherein businesses are deemed chargeable for all stakeholders, inclusive of economic stakeholders, personnel and the community.

## INTRODUCTION

It is often said that lets “Treat people as an end, and never as a means to an end.” – Immanuel Kant Globalisation supplemented by innovation has brought many vigorous changes to the nature and outline of the market as well as to its customers i.e. on the one part very own business organisations is heading on the supply side and similarly consumers are heading on the demand side Now generally many companies look for the broader outcome and objectives including financial gain as well.

## CONCEPT OF BUSSINESS ETHICS

Now days there are many challenging issues of business ethics that are increasing day by day and its way more important in this globalised world and corporate environment and also the thing which is the centre point of these business rules are the comparative advantage parameter and the way ahead competitive edge and quality of decision making matters a lot in business world .CSR and business both have its own important in this globalised economy In a highly diverse and intensely competitive environment, managers are faced with difficult situations and often have to take tough decisions, which are not only right, fair, and proper but also effective

## CHARACTERISTICS OF BUSINESS ETHICS

When we talk about, ethics and its role in business so it is the application of moral and ethical values that is the core of any business foundation. While running a business every business has the code of conduct that has to be complied in terms of financial and social environment to. And generally, if the query in regard to what is right or what can be right or what can be generally wrong is based on every body's or a person's priorities that is set and its predefined and along with it there is certain obligation which is connected with the society.

Working in a ethical way means working in a right direction or choosing a right path and identifying the right and wrong in the business. They should not unlawfully use copyrighted materials and processes. Company should also not indulge in bribery.

The various characteristics of business ethics are as follows:-

- a) Code of conduct: Business ethics is a code of conduct. It states what to do and what not to do for the welfare of the entire society. Everyone should follow this code who wishes to be the businessman
- b) Based on moral and social values: Generally, principles of business ethics contain core rules and moral values for business.

## BUSSINESS ETHICS IN INDIA

The Indian economy has been under two distinct and diverse forces of “Swadeshi” i.e., buy Indian goods and the need to integrate with the larger world economy. Both forces have significant economic and political implications in the region. Liberalization of the Indian economy in the late 1980s and early 1990s also saw the re-establishment of the transnational corporations on the Indian horizon. There is much need to bring awareness about the need for ecological sustainability that has paved the way for a new generation of business leaders concerned about the responses of the community and sustainability of the environment.

## INTRODUCTION TO CSR

From last few years corporate social responsibilities in India has attracted lot of attention of majorly all the countries of the world. The reason for such attention can be understood to its significant nature. Generally, India is the first country to statutorily mandate CSR for the corporations fulfilling prescribed conditions. Now all the countries are looking forward and they are vigilant to the way it will be carried forward and how will it bring the drastic changes in India.

Though corporate social responsibility is not something very new, it has existed in our socio-economic system since the ages. Earlier kings were engaged in doing benevolent activities like construction of water reservoir, inns (dharamshalas) for travelers, gurukuls etc.

## CSR IN INDIA

CSR under Indian law system has been defined in Generally under Rule 2 of Companies (Corporate Social Responsibility Policy) Rules, 2014 in terms of the activities that companies need to perform according to their strategy. CSR includes activities that promote poverty reduction, environment sustainability, health, education, gender equality, vocational skills development and like others. India's CSR is based on the triple bottom line (TBL). It is to be clearly understood that CSR today is not charity.

## CO-RELATION BETWEEN BUSSINESS ETHICS AND CSR

Today in literature of Academics, these two concepts of business ethics and CSR, also in the academic literature, there is no space for concurrence of opinions about which concept supersedes the other: for instance, in some cases, business ethics is considered part of corporate social responsibility, whereas in other cases corporate social responsibility is thought to be just one aspect of business ethics. So, is there any relationship between the two academic disciplines? Ethics is defined as the study of what is good or right for human beings. Ethics are generally concerned with the goals and aims that people tend to pursue and the actions they ought to perform.

## CORPORATE GOVERNANCE

Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations, and society.

## EVOLUTION OF CSR IN INDIA

The roots of corporate social responsibility are deep down the immemorial lane of our past. "Our ancient scriptures also of the view that 'all that exists in this universe is the abode of almighty". Therefore, one should enjoy the good things in life by sharing them with others." Even our very own rulers of ancient India and rich persons were engaged in doing benevolent activities like construction of water reservoir, inns (dharamshalas) for travelers, construction of schools and wells etc. The emperor Ashoka was known as 'great emperor' because he initiated the construction of schools and well, planted trees on both the sides of roads. Thus, he was a great environmentalist of that era.

## CURRENT STATUS OF CSR IN INDIA

CSR in India has customarily been viewed as a humanitarian movement. Furthermore, with regards to the Indian custom, it was an action that was performed however not pondered. Accordingly, there is restricted documentation on explicit exercises identified with this idea. Nonetheless, what was plainly obvious that quite a bit of this had a public character typified inside it, regardless of whether it was blessing foundations to effectively taking part in India's opportunity development and inserted in the possibility of trusteeship.

The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company's relationship to its stakeholders and integrating CSR into its core operations, the draft rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy. It will be interesting to observe the ways in which this will translate into action at the ground level, and how the understanding of CSR is set to undergo a change.

## SECTION 135 OF THE COMPANIES ACT 2013

The CREP (Corporate Social Responsibility for Environment Protection) 2003 recognized CSR formally for the first time in India. All such charitable acts, now termed as activities undertaken to discharge a company's CSR, are characterized by a voluntary urge to "give back" to the society. To put it in terms of economics, society understands that free market fails to deliver merit goods such education, health etc. in right quantity and quality.

## FORMATION OF CSR COMMITTEE

Every company that meets the net profit, net worth, or turnover criteria of the Act has to constitute a CSR Committee of its Board. The Committee must consist of 3 or more members from the directors of the Company Board. Moreover, at least one of the members of the committee has to be an independent director. While an unlisted or a private limited company is exempted from having an independent director as a member, a private limited firm may have only 2 member directors in the Committee. A foreign firm may have 2 members, comprising of one resident in India [Section 380(d)] and another nominated by foreign firm.

## RESPONSIBILITIES OF CSR COMMITTEE

The CSR Committee thus constituted must formulate and recommend a CSR Policy for the company to the Company Board. The CSR Policy must indicate the activities to be undertaken by the company as per Schedule VII (see below), recommend the amount of expenditure to be incurred on the activities, institute a transparent monitoring mechanism for the implementation of the policy, and monitor the CSR policy from time to time.

## CSR RESTRICTED ACTIVITIES

All CSR activities that fall under Schedule VII must be undertaken in India alone. Companies may build CSR capacities of their own personnel and/or of the implementing agencies through institutions with established track record of at least three financial years. However, such expenditure is restricted to not more than 5% of total CSR expenditure of the company in a financial year. The CSR policy of

the company must also specify that any surplus arising out of the CSR activities shall not form part of the business profit of the company.

## BUSINESS ETHICS AND CSR IN NEW ECONOMY

Just as the economic economy gradually evolved from the agricultural economy, therefore the industrial economy is currently giving thanks to the emerging digital economy. within the new economy technology becomes the dominant factor of wealth generation “rather than land, labour and particularly capital”, whereas “information and its proper management through information technology are making the difference and separating the winners from the losers”. within the digital environment the balance of power shifts inexorably from the manufacturer to the buyer .

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