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CHAPTER 1-INTRODUCTION

1.INTRODUCTION ABOUT THE CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS ETHICS

¹ Corporate social duty (CSR) is a sort of global private business self-regulation that intends to add to cultural objectives of a generous, dissident, or magnanimous nature or by take part in or backing volunteering or morally arranged practices. While once it was conceivable to portray CSR as an inner hierarchical approach or a corporate ethic strategy, that time has gone as different worldwide laws have been created and different associations have utilized their position to push it past individual or even industry-wide activities. While it has been viewed as a type of corporate self-regulation for quite a while, throughout the most recent decade or so it has moved significantly from willful choices at the degree of individual associations, to compulsory plans at territorial, national and universal levels.

Considered at the authoritative level, CSR is commonly comprehended as a private firm arrangement. All things considered, it must line up with and be coordinated into a plan of action to be effective. With certain models, a company's execution of CSR goes past consistence with administrative necessities and takes part in "activities that seem to promote some social great, past the interests of the firm and that which is required by law". ² The decisions of 'going along' with the law, neglecting to agree, and 'going past' are three unmistakable key authoritative decisions. While in numerous zones, for example, ecological or work guidelines, bosses may conform to the law, or go past the law, different associations may mock the law. These associations are going out on a limb. The idea of the lawful hazard, nonetheless, changes when consideration is paid to delicate law. Soft law may bring about legitimate obligation especially when organizations make misdirecting claims about their maintainability or other moral qualifications and practices. By and large, organizations may take part in CSR for vital or moral purposes. From a key viewpoint, the point is to increment long haul benefits and investor trust through positive advertising and high moral norms to diminish business and lawful hazard by assuming liability for corporate activities. CSR procedures urge the organization to have a constructive outcome on the earth and partners including purchasers, representatives, speculators, networks, and others. From a moral viewpoint, a few organizations will receive CSR

arrangements and practices on account of moral convictions of senior administration. For instance, a CEO may accept that hurting nature is morally objectionable.

Advocates contend that organizations increment long haul benefits by working with a CSR point of view, while pundits contend that CSR occupies from organizations' financial job. A recent report looked at existing econometric investigations of the connection among social and budgetary execution, reasoning that the opposing consequences of past examinations detailing positive, negative, and impartial monetary effect, were because of defective exact investigation and asserted when the examination is appropriately indicated, CSR neutrally affects money related outcomes. Critics scrutinized the "grandiose" and in some cases "ridiculous desires" in CSR, or that CSR is simply window-dressing, or an endeavor to pre-empt the job of governments as a guard dog over incredible global companies. In accordance with this basic point of view, political and sociological institutionalists wound up keen on CSR with regards to hypotheses of globalization, neoliberalism and late free enterprise. Some institutionalists saw CSR as a type of industrialist authenticity and specifically call attention to that what started as a social development against uninhibited corporate power was changed by companies into a "plan of action" and a "hazard the executives" gadget, regularly with flawed results.

CSR is titled to help an association's central goal just as fill in as a manual for what the organization speaks to for its shoppers. Business morals is the piece of applied morals that analyzes moral standards and good or moral issues that can emerge in a business domain. ISO 26000 is the perceived worldwide standard for CSR. Open area associations (the United Nations for instance) cling to the triple primary concern (TBL). It is broadly acknowledged that CSR holds fast to comparative standards, however with no conventional demonstration of enactment.

Corporate Social Responsibility (CSR) is an idea that recommends that it is the obligation of the companies working inside society to contribute towards financial, social and ecological advancement that makes positive effect on society on the loose. In spite of the fact that there is no fixed definition, anyway the idea spins around that reality the enterprises needs to center past acquiring just benefits. The term ended up famous during the 1960s and now is considerable piece of business activities.

Since the 1960s, corporate social obligation has stood out from a scope of organizations and partners. A wide assortment of definitions have been grown yet with little agreement. Some portion of the issue with definitions has emerged as a result of the various interests spoke to. A representative may characterize CSR as a business methodology, a NGO dissident may consider it to be 'greenwash' while an administration authority may consider it to be deliberate regulation." also, contradiction about the definition will emerge from the disciplinary approach. " For instance, while a financial specialist should seriously think about the chief's watchfulness vital for CSR to be actualized a danger of organization costs, a law scholarly may believe that circumspection to be a proper articulation of what the law requests from executives.

Corporate social duty has been characterized by Sheehy as "universal private business self-regulation." Sheehy inspected a scope of various disciplinary ways to deal with characterizing CSR. The definitions surveyed incorporated the financial meaning of "giving up benefits," an administration meaning of "past consistence", institutionalist perspectives on CSR as a "socio-political development" and law's own emphasis on chiefs' obligations. Further, Sheehy considered Archie Carroll's portrayal of CSR as a pyramid of duties, specifically, monetary, legitimate, moral, and humanitarian responsibilities. While Carroll was not characterizing CSR, however essentially contending for grouping of exercises, Sheehy built up a definition diversely following the way of thinking of science—the part of reasoning utilized for characterizing wonders.

How and why is it relevant

As CSR is about qualities and responsibility then it is likewise about the conduct of your kin and the conduct of your providers. In this sense for all intents and purposes everything that is found inside the HR dispatch - from preparing, enrollment, staff maintenance, strategies, techniques and methodology - includes CSR.

Generally HR and CSR have been driven by the requirement for consistence and staying aware of new laws on work just as natural, moral and social issues. Progressively HR supervisors are

pivotal to the conveyance of preparing to manage these issues as far as authoritative targets and procedure.

Similarly significant is the significance CSR needs to enrollment: 75% of UK experts consider social or moral contemplations when evolving business. While over portion of alumni won't work for organizations they accept to be dishonest.

Corporate administration is a board level interesting issue - you just need to take a gander at how much exposure the Higgs report on the job of non-official executives got – and it will keep on creating, as there is expanded acknowledgment that how an association is run is critical. This can cover numerous territories, for example, money related uprightness, straightforwardness and responsibility, initiative from the board and being boss of decision.

Business ethics (otherwise called corporate morals) is a type of applied morals or expert morals, that looks at moral standards and good or moral issues that can emerge in a business situation. It applies to all parts of business lead and is significant to the direct of people and whole organizations. These morals begin from people, hierarchical articulations or from the lawful framework. These standards, values, moral, and dishonest practices are the rules that guide a business. They help those organizations keep up a superior association with their stakeholders.

Business ethics alludes to contemporary authoritative guidelines, standards, sets of qualities and standards that administer the activities and conduct of a person in the business association. Business ethics have two measurements, standardizing business ethics or clear business morals. As a corporate practice and a lifelong specialization, the field is fundamentally standardizing. Scholastics endeavoring to comprehend business conduct utilize graphic techniques. The range and amount of business moral issues mirrors the association of benefit augmenting conduct with non-monetary concerns.

Enthusiasm for business morals quickened drastically during the 1980s and 1990s, both inside real enterprises and inside scholarly community. For instance, most real companies today elevate their pledge to non-monetary qualities under headings, for example, morals codes and social duty contracts.

Adam Smith stated, "Individuals of a similar exchange only occasionally get together, notwithstanding for happiness and redirection, yet the discussion finishes in a connivance against general society, or in some invention to raise prices." ¹ Governments use laws and guidelines to point business conduct in what they see to be gainful bearings. Morals verifiably directs regions and ¹ subtleties of conduct that lie outside legislative ability to control. The rise of enormous organizations with restricted connections and affectability to the networks wherein they work quickened the advancement of formal morals regimes.

¹ Keeping up a moral status is the obligation of the administrator of the business. As indicated by the Journal of Business Ethics "Overseeing moral conduct is one of the most inescapable and complex issues confronting business associations today"

Business morals mirror the standards of each recorded period. Over the long haul, standards advance, making acknowledged practices become shocking. Business morals and the subsequent conduct advanced too. Business was engaged with slavery, colonialism, and the cold war.

⁴ The term 'Business Ethics' alludes to the arrangement of good standards and guidelines of the lead applied to business. Business being a social organ will not be directed in a manner unfavorable to the interests of the general public and the business division itself. Each calling or gathering outlines certain do's and don't's for its individuals. The individuals are given a standard in which they should work. These measures are impacted by the predominant monetary and social circumstances. The sets of accepted rules are intermittently checked on to suit the evolving conditions.

The term 'business morals' came into basic use in the United States in the mid 1970s. By the mid-1980s in any event 500 courses in business morals arrived at 40,000 understudies, utilizing exactly twenty reading material and at any rate ten casebooks upheld by expert social orders, focuses and diaries of business morals. The Society for Business Ethics was established in 1980.

European business colleges embraced business morals after 1987 starting with the European Business Ethics Network. In 1982 the principal single-wrote books in the field appeared.

Firms started featuring their moral stature in the late 1980s and mid 1990s, potentially trying to remove themselves from the business embarrassments of the day, for example, the investment funds and advance emergency. The idea of business morals grabbed the eye of scholastics, media and business firms before the part of the bargain War. However, analysis of strategic policies was assaulted for encroaching the opportunity of business people and pundits were blamed for supporting communists. This left the talk of business morals both in media and academia. The Defense Industry Initiative on Business Ethics and Conduct(DII) was made to help corporate moral direct. This period started the conviction and backing of self-guideline and organized commerce, which lifted taxes and hindrances and enabled organizations to combine and strip in an expanding worldwide environment.

STATEMENT OF THE PROBLEM:

CSR is accepted to affect corporate manageability. In the business setting, CSR has developed as a type of supportability administration with points of interest to the monetary, condition and social advancement. Fruitful administrators realize that their long haul achievement depends on proceeded with great relations with a wide scope of people, gatherings and foundations. Keen firms realize that business can't prevail in social orders that are coming up short — regardless of whether this is because of social or ecological difficulties, or administration issues. In addition, the overall population has exclusive standards of the private division as far as mindful conduct. Shoppers anticipate that products and ventures should reflect socially and naturally capable business conduct at focused costs.

In the ongoing past association had a decision to return back to the general public yet because of rivalry, it has turned into a commitment for them to turn out to be socially capable by offering back to the general public for them to improve their picture according to people in general. In as much as these associations are returning back to the general public, do they profit by this interest as far as expanded benefit, fulfill and hold clients and furthermore increment piece of the pie.

Ethical difficulties happen inside each business association. In this exercise, we will talk about the reasons why moral issues occur in business and what organizations can do to build up a positive moral conduct.

Ethical conduct is acting in manners that are steady with how the business world perspectives moral standards and qualities. The four main considerations that can cause moral issues in the working environment are absence of respectability, hierarchical relationship issues, irreconcilable situations, and deceiving promoting.

Tendon is a huge budgetary venture organization on Wall Street. They have quite recently been fined billions of dollars by the legislature, and the majority of their top administrators have been condemned to government jail.

Why? They abused every one of the four zones that can cause enormous moral issues. Here is the way they achieved the undertaking.

NEED FOR THE STUDY:

It's incredibly significant that your organization works in a manner that exhibits social duty. In spite of the fact that it is anything but a lawful prerequisite, it's viewed as great practice for you to consider social and natural issues.

Business ethics are a reflection of the standard of business that either an individual or business uses when conducting transactions. Business ethics are important because they add a line of defense to protect the company, enable company growth, save money and allow people to avoid certain legal implications.

CHAPTER 2 – METHODOLOGY

OBJECTIVES OF THE STUDY:

1. Perceive how corporate social obligation, as different objectives and goals, can be consolidated utilizing the Balanced Scorecard.
2. Understand the idea of corporate social responsibility.
3. To establish moral standards and norms of behavior.
4. To judge human behavior and express an opinion or attitude about the behavior.

METHODOLOGY OF THE RESEARCH:

Corporate social responsibility is the major authority performed by the organisations. As firms utilize many resources from the environment and society it's their basic responsibility give back to society. The firms are investing huge amount in CSR and Ethical governance, not because of tax, mainly to uplift the society.

For the current study 30 employees from the firms like TATA, Reliance, Infosys, Wipro to know and understand the meaning of CSR and ethics, applicability, implication and CSR activities performed by this firm, This data was supported with various secondary sources to make an in-depth analysis, the results of the interview have been discussed in results and discussion.

DISCUSSION:

1.CSR in the context of Business Ethics:

The normative stakeholder theory in CSR which draws its philosophy from Ethics, affirms that business corporations are “morally” responsible to look after the concerns of a larger group of stake holders which could include owners, customers, vendors, employees and community rather than its stockholders i.e. the owners of the business alone (Rodin 2005 pp561). The concepts of business ethics and social responsibility have distinct identities. Yet, they are often used to refer to the same argument or code. The term business ethics is supposed to be “a combination of two very familiar words, namely business and ethics” (Dimitriades 2007 pp1). Entrepreneurs may come close to the edge of, or cross over conventional norms of morality, in the pursuit of Schumpeterian 'creative destruction', chasing a goal that could be a “version of ‘the end justifies the means’.

CSR is then considered to be a fee charged on the returns derived from the wrongs committed by entrepreneurship to pay for some of the rights. Thus “the revenues collected by taxes associated with sin and exploitation are often earmarked for restoring health and the environment, if not offering outright incentives for the manufacture of more salutary products” (Fuller 2013 pp123). Freeman (1984, as cited in Parmar et al2010) refers to a definition of a stakeholder from an internal memo from the Stanford Research Institute in 1963. The memo defines stakeholders as “those groups without whose support the organisation would cease to exist” (Fontaine, Harmaan & Schmidt 2006). The concept of an organisation as an entity that is merely a creator and “converter” of resources through its existing relationships with vendors, employees and customers does not hold valid in understanding of the universe as a large eco system. The organisation as a legal entity and as a collective of individuals is seen as part of a larger context of living systems .

One of the main basis of the normative stakeholder theory is the concept that an organisation's internal processes affects its identified stakeholders and must be based on moral philosophy and

ethics. All decision making has to take into account the impact on all its stake holders and must have moral worthiness of its own outside of the firm's financial profits (Donaldson and Preston 1995 as cited in Parmar et al 2010).

2. Current Relevance of CSR :

CSR has been part of ethical and responsible business practices for long. However, the concept has gained added traction in the wake of the globalised nature of the economic environment today (Jamail & Mirshak 2007). CSR operates on the principle that corporates are obliged to meet their responsibilities to a larger array of stakeholders than its shareholders. Corporate Social Responsibility should not be an add on policy by a company, but be integrated into its governance structure and strategy. Goel et al (2013) cites the global accounting and consulting firm major Grant Thornton's report based on data collected in 2010 and early 2011, that CSR activities across the world have increased dramatically in recent years as “businesses realize their value not only commercially, but also in terms of boosting employee value, attracting staff and cutting costs .

CSR has also been defined through the perspective of religion. Suthisak Kraisornt suthasinee states “Corporate social responsibility (CSR), as a concept, addresses that profitability from business for some may come at the expense of others. Such a causal relationship could be grounded on the relativistic view of dependent origination and the law of conditionality”.

Jamail and Mirshak (2007) state , “Heightened interest in CSR in recent years has stemmed from the advent of globalization and international trade, which have reflected in increased business complexity and new demands for enhanced transparency and corporate citizenship. Moreover, while governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population, society’s needs have exceeded the capabilities of governments to fulfil them. In this context, the spotlight is increasingly turning to focus on the role of business in society and progressive companies are seeking to differentiate themselves through engagement in CSR. The findings suggest the lack of a systematic, focused, and institutionalized approach to CSR and that the understanding and practice of CSR in Lebanon are still grounded in the context of philanthropic action”.

The felt need for Business Ethics in the form of CSR has become so pervasive that even in the traditional and what is perceived as an anti-environmental sector such as the fossil fuel industry, in a paper written by staff at the International Petroleum Industry Environmental Conservation Association (IPIECA), the authors affirm the need for a “good human rights policy and practice” (Owen and Sykes 2009 pp 131). The concept is now gaining importance in the communities in which the industry operates, for fostering the global credibility of the oil and gas companies and also to help them to continue to exist and engage in business. (Owens & Sykes 2009).

In India, recognising the concerns of the ever increasing divide between the vast majority of the masses and the increasingly powerful and endowed corporations, the government has today legislated CSR as mandatory with provisions for the corporations to report the reasons, in the event of noncompliance. The mandatory limits have been defined by an amendment to the Companies Bill 2011 that was passed in the Lok Sabha in December 2012. Public sector companies and private companies earning over Rs.5 crores in net profit must spend a minimum of two percentage of their profits on CSR or report the reasons for their failure to do so.

Bigger corporates have the wherewithal to invest in the local communities they are engaged in and hence, can initiate and support the development of these communities who are increasingly being recognised as stakeholders in the corporates activities. (Russo & Perrini 2010). The Small and Medium Enterprise sector (SME) however, have a more direct connection with the local community. The accessibility of SMEs to the local community possibly makes it difficult for them to violate ethical expectations. They benefit from being recognised as an embedded part of the community in which they do business, and therefore they have to work to improve their reputation, trust, legitimacy, and consensus within and among citizens (Vyakarnam et al., 1997, Russo & Perrini 2010). The accountability for the SMEs appears to be ensured by the immediate stake holder and community. It is in case of the big corporate that CSR can provide a beautiful curtain to cover business ethics, or its absence.

CSR practices equate with ethics?

However, would compliance with all the norms and regulations of CSR practice necessarily mean that the business entity is also following sound business ethics practices? Are the activities

of the firm in the context of CSR and business ethics necessarily correlated? There are leading examples of companies that complied with CSR and governance norms on the face of it, but were they also ethical? Mallen Baker, a CSR specialist states “CSR is no longer defined if it ever really was by the process of how much money a business gives away, but by how that business makes its money in the first place.”

The scam led collapse of the famed energy major Enron in 2001, a major proponent of CSR, was a wakeup call to observers of the CSR process to look deeper into corporate claims of CSR and the firm's compliance with legal processes, in reality. The company which grew to be the United States America's seventh largest company in just in 15 years, was benchmarked as the new success story which was later exposed as a false narrative. Enron's financial statements indicating profitability were proved to be false with the company's doctored accounts concealing overwhelming debts that toppled the company over into a massive collapse .

Enron's debacle deepened the belief among communities that big corporations' goals for success may be at cross purposes with that of the communities . In Enron's social and environmental report which listed its efforts in the areas of CSR including environmental impact, CEO Kenneth Lay , detailed the company's vision and values as mutual respect, integrity and excellence*. Masterresource.org†† website cites Bradley(2009) while referring to Enron's last Environmental, Health, and Safety Management Conference in late 2001 that “Enron's Corporate Social Responsibility (CSR) task force listed its ‘Accomplishments to Date

- Secured board oversight of social/environmental performance
- Expressed support for Universal Declaration of Human Rights
- Completed corporate responsibility task force
- Developed and pilot-tested human rights audit
- Developed security and human rights guidelines
- Established formal partnerships with WBCSD [World Business Council on Sustainable Development], IBLF [International Business Leaders Forum], and CI [Conservation International]

- Identified language to strengthen code of ethics
- Responding to stakeholder concerns on an ongoing basis”

The irony of these claims in the light of what transpired in the days to come is shocking to say the least. Corporate giants such as Enron and Satyam turn up as rude shocks when the scams are unearthed overnight. No prior telltale signs of unethical practices are visible till the ‘house of cards’ collapses.

India's ‘Enron’, Satyam's CSR efforts were lauded universally. The company that collapsed due to its management's defrauding the company and its stock holders financially received many awards including the Golden Peacock Global Award for Excellence in Corporate Governance, the Citizenship Partner of the Year Award 2007 from Microsoft, Corporate Social Responsibility from Business World, Forbes’ Top Asian Company, was listed among the top 13 Best-Managed Companies in India by Business Today, and was declared one among the 100 Leading Pioneering Technology Companies by the World Economic Forum. These awards belied the reality behind the probity of the company’s conduct including falsification of accounts and showing large cash and fixed deposit balances in their balance sheets when the company in reality had no such balances. The financial fraud included overstating the company’s cash balances by over 1 billion dollars, overstating of employee numbers by over 13,000 and withdrawal of the ghost employee salaries by the firm’s founders, inflating revenues by falsifying invoices and forging of the company’s bank fixed deposit receipts, .

The iconic company Apple and other smartphone manufacturers seem to apply old world industrial norms for its supply chain processes. The ongoing scam of the National Stock Exchange Limited (NSE) in India highlights the need for inbuilt mechanisms for rewarding corporate governance and punishing those violating these norms.

If companies such as Satyam and Enron and more recently NSE, cutting edge technology companies, who have been leaders in their industry sectors and in the forefront on CSR activities, have failed in their ethical norms deeply, would there be a better process to identify the ethical embeddedness in the actions of corporates? At the same time, mishaps and disasters such as these galvanise the community's attempts to find more effective tools to relate CSR to the business ethicality of the firm. Movements such as the International Right to Know

Campaign and the CORE Coalition in the UK, who campaign for enforceable rules that the corporates must follow, as opposed to good faith that the corporate are meeting volunteer guidelines, become important. The Organisation for Economic Co-operation and Development's guide book, 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' tries to codify processes that ensure ethical procurement of raw materials especially as many of these materials are sourced from conflict area

3. Our posit:

Viewing CSR through Freeman's (as cited in Parmar et al 2010) normative stakeholder theory, we propose that CSR is a subset of business ethics. Freeman et al (2004) state "Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business". Corporate social responsibility is limited in its definition of the mandate and responsibilities of the business towards its identified stake holders. The rights of a legal entity enjoyed by the firm, carries with it duties and obligations to the environment of which it is a subset. These duties must be part of the norms and code of conduct and be made part of institutional design (Singer 2013). The resource pool and the environment that a business operates in, have a stake in its operations. The business has duties and reciprocity towards that environment for a continued sustainable existence for itself and the environment. Stakeholder theory involves looking at the organisational systems and process design as a whole.

3.1. Identifying indicators for CSR and Business Ethics.

In an attempt to understand the process of identifying and monitoring the ethicality of organisational processes and the relationship to its CSR activities, we have identified a survey report 'CR's 100 Best Corporate Citizens 2013', by a leading magazine in the CSR space, the Corporate Responsibility (CR) magazine, for studying and classifying the prevailing markers for CSR and business ethics.

The CR magazine published by the Corporate Responsibility Officers Association (CROA), generates content and covers corporate social responsibility with case studies, study of best practices, and by monitoring trends in the core areas of CSR. Since 2009, the CR Magazine, CROA and NYSE Euronext conduct an annual survey on the state of practice in corporate responsibility (CR) among companies around the world. As per their website, in 2010, the CR

Magazine, the CROA and NYSE Euronext together developed a “data instrument” to collect a “baseline data set” (CR Magazine 2011). The survey group sent surveys to every firm traded on the NYSE Euronext Indices and the database of the CR Magazine as per their December 2011 report.

The magazine has identified the areas of “a) governance, risk, compliance, b) environmental sustainability c) corporate social responsibility, d) philanthropy, and e) workforce/diversity” as their focus areas for monitoring a corporate's engagement with CSR practices and compliance with mandatory regulations in this area (CR magazine 2011). Their CR magazine study used a data instrument with 298 data elements which were divided into seven categories of Climate change, Employee Relations, Environmental, Financial, Human Rights, Governance and Philanthropy for purposes of analysis by them.

Though all of CSR will necessarily be in the realm of Business Ethics, the questions asked in this survey do suggest that this is their perception as well. However, our worry is that many practices related to ethics may not be obvious or quantifiable. If a company subscribes to political associations is it ethical? What if the financial data is audited and covers good CSR practices but in reality is so smartly fudged or the auditors are in the loop: such issues cannot be measured and do not therefore appear in the CSR survey. But there can be no argument that they are outside Ethics.

Surveys such as that referred to by the CR Magazine are important in getting accolades for high CSR corporates but they cannot be a commentary on business ethics, as the latter concept is related to values and is a normative subject and also the fact that violation of ethical practices is not likely to be documented. We thus, propose that ethics in business remains a topic of debate that cannot be defined or resolved through measuring or enforcing CSR. Current trends appear to focus upfront on CSR and while ethics is undoubtedly expected and desirable, it remains an area that is ‘not definable’. It appears to come to the fore only when explicit violations of the norm, on a large scale come to light.

People generally tend to follow social norms unless it become too cost ineffective to do so (Engelen 2011). As there is a growing realisation that existing institutional designs for corporate business structures are proving to be expensive for the larger community, there is growing

pressure for a change in the structuring of these norms. We do find that CSR activities are one of the vehicles to actualize the reshaping of these norms. Other business processes such as corporate governance, corporate outreach and politics, business process redesign, and corporate strategy are also tools and strategies that need to be adopted by firms, to reconcile with the ethicality of doing business.

LIMITATIONS:

1. The study is limited only to CSR activities and ethics.
2. Time was the constraint to do in-depth study.
3. The responses obtained might be biased due to busy schedule and understanding of the questions asked.

CHAPTER 3–SWOC

1. STRENGTHS:

- Financial performance will improve.
- Enhanced reputation and brand image.
- Less operational cost.
- Easy availability of capital.
- Increased customer loyalty and sales
- Sustainable development.
- Use of recycled products
- Contribution towards society.
- Safety and quality.
- Diversity of employees and customers

2. WEAKNESSES:

- There is lack of communication between companies and general public. General public is very less interested in knowing whether the company is contributing for society, economy and country.
- Due to lack of transparency among the companies, CSR initiatives can't be taken as there is no proper report of profitability, exact information, audit issues and utilization of funds.
- The people in India take CSR as narrower term but in reality is a broader term if taken into action.
- There is lack of judgment within a time frame due to which there is duplication of others' efforts.
- Lack of visibility factor between companies and the general public.
- Well organized non-government organizations are not available in rural and remote areas.
- Involves lot of money to be spent.

3. OPPORTUNITIES:

- Business relationships should be built on mutual understanding and based on realistic and true statements. This will lead to have great opportunity for being sustainable and developed.
- Being able to understand the real facts of the environment which helps business as well as the society.
- As the time and resources are limited, so to grab more power, there is need to put more efforts and deep understanding of mutual dependency and highest potential of mutual benefits.
- Better impact of brand image of the business house on the minds of customers
- Better visibility of the business in all areas

4. CHALLENGES:

- There is lack of public policies to promote CSR.
- There is lack of consistent legislative framework.
- Regulations by the Government to make CSR spending compulsory as a percentage of their annual profit

CHAPTER 4 – ANALYSIS/ OUTCOMES

LEARNING OUTCOMES:

1.CSR in the context of Business Ethics:

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CSR has been part of ethical and responsible business practices for long. However, the concept has gained added traction in the wake of the globalised nature of the economic environment today (Jamail & Mirshak 2007). CSR operates on the principle that corporates are obliged to meet their responsibilities to a larger array of stakeholders than its shareholders. Corporate Social Responsibility should not be an add on policy by a company, but be integrated into its governance structure and strategy. Goel et al (2013) cites the global accounting and consulting firm major Grant Thornton's report based on data collected in 2010 and early 2011, that CSR activities across the world have increased dramatically in recent years as “businesses realize their value not only commercially, but also in terms of boosting employee value, attracting staff and cutting costs .

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Jamail and Mirshak (2007) state , “Heightened interest in CSR in recent years has stemmed from the advent of globalization and international trade, which have reflected in increased business complexity and new demands for enhanced transparency and corporate citizenship. Moreover, while governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population, society’s needs have exceeded the capabilities of governments to fulfil them. In this context, the spotlight is increasingly turning to focus on the

role of business in society and progressive companies are seeking to differentiate themselves through engagement in CSR. The findings suggest the lack of a systematic, focused, and institutionalized approach to CSR and that the understanding and practice of CSR in Lebanon are still grounded in the context of philanthropic action”.

The felt need for Business Ethics in the form of CSR has become so pervasive that even in the traditional and what is perceived as an anti-environmental sector such as the fossil fuel industry, in a paper written by staff at the International Petroleum Industry Environmental Conservation Association (IPIECA), the authors affirm the need for a “good human rights policy and practice” (Owen and Sykes 2009 pp 131). The concept is now gaining importance in the communities in which the industry operates, for fostering the global credibility of the oil and gas companies and also to help them to continue to exist and engage in business. (Owens & Sykes 2009).

In India, recognising the concerns of the ever increasing divide between the vast majority of the masses and the increasingly powerful and endowed corporations, the government has today legislated CSR as mandatory with provisions for the corporations to report the reasons, in the event of noncompliance. The mandatory limits have been defined by an amendment to the Companies Bill 2011 that was passed in the Lok Sabha in December 2012. Public sector companies and private companies earning over Rs.5 crores in net profit must spend a minimum of two percentages of their profits on CSR or report the reasons for their failure to do so.

Bigger corporates have the wherewithal to invest in the local communities they are engaged in and hence, can initiate and support the development of these communities who are increasingly being recognized as stakeholders in the corporates activities. (Russo & Perrini 2010). The Small and Medium Enterprise sector (SME) however, have a more direct connection with the local community. The accessibility of SMEs to the local community possibly makes it difficult for them to violate ethical expectations. They benefit from being recognised as an embedded part of the community in which they do business, and therefore they have to work to improve their reputation, trust, legitimacy, and consensus within and among citizens (Vyakarnam et al., 1997, Russo & Perrini 2010). The accountability for the SMEs appears to be ensured by the immediate

stake holder and community. It is in case of the big corporate that CSR can provide a beautiful curtain to cover business ethics, or its absence.

CSR practices equate with ethics?

However, would compliance with all the norms and regulations of CSR practice necessarily mean that the business entity is also following sound business ethics practices? Are the activities of the firm in the context of CSR and business ethics necessarily correlated? There are leading examples of companies that complied with CSR and governance norms on the face of it, but were they also ethical? Mallen Baker, a CSR specialist states “CSR is no longer defined if it ever really was by the process of how much money a business gives away, but by how that business makes its money in the first place.”

The scam led collapse of the famed energy major Enron in 2001, a major proponent of CSR, was a wakeup call to observers of the CSR process to look deeper into corporate claims of CSR and the firm's compliance with legal processes, in reality. The company which grew to be the United States America's seventh largest company in just in 15 years, was benchmarked as the new success story which was later exposed as a false narrative. Enron's financial statements indicating profitability were proved to be false with the company's doctored accounts concealing overwhelming debts that toppled the company over into a massive collapse .

Enron's debacle deepened the belief among communities that big corporations' goals for success may be at cross purposes with that of the communities . In Enron's social and environmental report which listed its efforts in the areas of CSR including environmental impact, CEO Kenneth Lay , detailed the company's vision and values as mutual respect, integrity and excellence*. Masterresource.org†† website cites Bradley(2009) while referring to Enron's last Environmental, Health, and Safety Management Conference in late 2001 that “Enron's Corporate Social Responsibility (CSR) task force listed its ‘Accomplishments to Date

- Secured board oversight of social/environmental performance
- Expressed support for Universal Declaration of Human Rights

- Completed corporate responsibility task force
- Developed and pilot-tested human rights audit
- Developed security and human rights guidelines
- Established formal partnerships with WBCSD [World Business Council on Sustainable Development], IBLF [International Business Leaders Forum], and CI [Conservation International]
- Identified language to strengthen code of ethics
- Responding to stakeholder concerns on an ongoing basis”

The irony of these claims in the light of what transpired in the days to come is shocking to say the least. Corporate giants such as Enron and Satyam turn up as rude shocks when the scams are unearthed overnight. No prior tell tale signs of unethical practices are visible till the ‘house of cards’ collapses.

India's ‘Enron’, Satyam's CSR efforts were lauded universally. The company that collapsed due to its management's defrauding the company and its stock holders financially received many awards including the Golden Peacock Global Award for Excellence in Corporate Governance, the Citizenship Partner of the Year Award 2007 from Microsoft, Corporate Social Responsibility from Business World, Forbes’ Top Asian Company, was listed among the top 13 Best-Managed Companies in India by Business Today, and was declared one among the 100 Leading Pioneering Technology Companies by the World Economic Forum. These awards belied the reality behind the probity of the company’s conduct including falsification of accounts and showing large cash and fixed deposit balances in their balance sheets when the company in reality had no such balances. The financial fraud included overstating the company’s cash balances by over 1 billion dollars, overstating of employee numbers by over 13,000 and withdrawal of the ghost employee salaries by the firm’s founders, inflating revenues by falsifying invoices and forging of the company’s bank fixed deposit receipts, .

The iconic company Apple and other smartphone manufacturers seem to apply old world industrial norms for its supply chain processes. The ongoing scam of the National Stock

Exchange Limited (NSEL) in India highlights the need for inbuilt mechanisms for rewarding corporate governance and punishing those violating these norms.

If companies such as Satyam and Enron and more recently NSEL, cutting edge technology companies, who have been leaders in their industry sectors and in the forefront on CSR activities, have failed in their ethical norms deeply, would there be a better process to identify the ethical embeddedness in the actions of corporates? At the same time, mishaps and disasters such as these galvanise the community's attempts to find more effective tools to relate CSR to the business ethicality of the firm. Movements such as the International Right to Know Campaign and the CORE Coalition in the UK, who campaign for enforceable rules that the corporates must follow, as opposed to good faith that the corporate are meeting volunteer guidelines, become important. The Organisation for Economic Co-operation and Development's guide book, 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' tries to codify processes that ensure ethical procurement of raw materials especially as many of these materials are sourced from conflict area

3. Our posit:

Viewing CSR through Freeman's (as cited in Parmar et al 2010) normative stakeholder theory, we propose that CSR is a subset of business ethics. Freeman et al (2004) state "Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business". Corporate social responsibility is limited in its definition of the mandate and responsibilities of the business towards its identified stake holders. The rights of a legal entity enjoyed by the firm, carries with it duties and obligations to the environment of which it is a subset. These duties must be part of the norms and code of conduct and be made part of institutional design (Singer 2013). The resource pool and the environment that a business operates in, have a stake in its operations. The business has duties and reciprocity towards that environment for a continued sustainable existence for itself and the environment. Stakeholder theory involves looking at the organisational systems and process design as a whole.

3.1. Identifying indicators for CSR and Business Ethics.

In an attempt to understand the process of identifying and monitoring the ethicality of organisational processes and the relationship to its CSR activities, we have identified a survey report 'CR's 100 Best Corporate Citizens 2013', by a leading magazine in the CSR space, the Corporate Responsibility (CR) magazine, for studying and classifying the prevailing markers for CSR and business ethics.

The CR magazine published by the Corporate Responsibility Officers Association (CROA), generates content and covers corporate social responsibility with case studies, study of best practices, and by monitoring trends in the core areas of CSR. Since 2009, the CR Magazine, CROA and NYSE Euronext conduct an annual survey on the state of practice in corporate responsibility (CR) among companies around the world. As per their website, in 2010, the CR Magazine, the CROA and NYSE Euronext together developed a “data instrument” to collect a “baseline data set” (CR Magazine 2011). The survey group sent surveys to every firm traded on the NYSE Euronext Indices and the database of the CR Magazine as per their December 2011 report.

The magazine has identified the areas of “a) governance, risk, compliance, b) environmental sustainability c) corporate social responsibility, d) philanthropy, and e) workforce/diversity” as their focus areas for monitoring a corporate's engagement with CSR practices and compliance with mandatory regulations in this area (CR magazine 2011). Their CR magazine study used a data instrument with 298 data elements which were divided into seven categories of Climate change, Employee Relations, Environmental, Financial, Human Rights, Governance and Philanthropy for purposes of analysis by them.

Though all of CSR will necessarily be in the realm of Business Ethics, the questions asked in this survey do suggest that this is their perception as well. However, our worry is that many practices related to ethics may not be obvious or quantifiable. If a company subscribes to political associations is it ethical? What if the financial data is audited and covers good CSR practices but in reality is so smartly fudged or the auditors are in the loop: such issues cannot be measured and do not therefore appear in the CSR survey. But there can be no argument that they are outside Ethics.

Surveys such as that referred to by the CR Magazine are important in getting accolades for high CSR corporates but they cannot be a commentary on business ethics , as the latter concept is related to values and is a normative subject and also the fact that violation of ethical practices is not likely to be documented. We thus, propose that ethics in business remains a topic of debate that cannot be defined or resolved through measuring or enforcing CSR. Current trends appear to focus upfront on CSR and while ethics is undoubtedly expected and desirable, it remains an area that is 'not definable'. It appears to come to the fore only when explicit violations of the norm, on a large scale come to light.

People generally tend to follow social norms unless it become too cost ineffective to do so (Engelen 2011). As there is a growing realisation that existing institutional designs for corporate business structures are proving to be expensive for the larger community, there is growing pressure for a change in the structuring of these norms. We do find that CSR activities are one of the vehicles to actualize the reshaping of these norms. Other business processes such as corporate governance, corporate outreach and politics, business process redesign, and corporate strategy are also tools and strategies that need to be adopted by firms, to reconcile with the ethicality of doing business.

CHAPTER 5 – LEARNING EXPERIENCES AND CONCLUSIONS

LEARNING EXPERIENCES:

From this study it can be stated as learning experience that the CSR initiatives conducted by various banks should volunteer themselves more towards the upliftment and developmental activities so that there is an inclusive growth along with that more and more public policies can also be drafted so that the banks think CSR not just as an strategic option to achieve capital adequacy or think on building reputation of the banks by conducting CSR activities banks should not considers CSR activities as an strategic option for their reputational gains,

CONCLUSION:

Corporate Social Responsibility is not a single time process. It will go on as the company is surviving and its activities are running. In modern era, consumer is the king. A company's reputation success and survival is in the hands of society. If the companies will do well for the society, environment, government, stakeholders, consumers and suppliers etc. then only it will be able to achieve its goals otherwise it will not survive for long. Undoubtedly, companies are taking initiatives for the CSR activities and they know their responsibilities and duties and they are also trying to contribute more and more for them. The companies have come to know that performance of CSR is the need of the hour. CSR has come a long way in India. The companies are integrating their business models with the CSR activities. Even the report is prepared for CSR activities and in the coming times, it will also be shown in the Annual Reports. Hence, company shall contribute more and more to make this planet better to live in

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