Introduction:

Every one of us is a manager. One may not be connected with an industry or business; one has to at least manage people around him and has to manage one’s family, and has to manage one’s life. Thus management has now become an integral part of human life. Now the concept of management has changed. There are two aspects of management, first managing the organization, and or people around and the second to manage one self. As far as the former is concerned, western management thought has done a commendable job, but ignored the other completely. In fact one can manage others and or an organization effectively only when one manages one-self effectively. If ‘within’ say, one’s own mind, its feelings, etc. is not handled properly, the world outside will become a problem or crises. One cannot circumvent one’s own mind and its problems if ‘within’ is not managed properly. Generally people react at all the things, favorably or unfavorably. A reaction takes place unconsciously like anger etc. one has to manage one’s reactions as it shows one’s immaturity. If one cannot manage his reactions, managing outside is bound to become problematic. This research work offers valuable suggestions to managers and other professionals in the areas of management of self and thereby creating a healthy work culture in an organization. A comparative study of Indian thoughts in management with western theories and concepts is also done by the researcher. Ideas on art of managing self are taken from Bhagwat Gita and Shrimad Bhagwatam.

Efforts are made to rediscover the rich wisdom of ancient Vedic literature to managers and other professionals in the areas of management of self and management of men, thereby creating a healthy work culture in an organization. In order to understand the ‘how’ and ‘why’ aspects of human behavior and interaction Sankhya Theory and Guna Theory is explained in detail which further throws light on the reasons for unethical behavior among the individuals. This research work places the responsibility for the effectiveness of Indian organization with the level of development of
individuals who run them and calls for the primacy of developing the man in the manager. As the human harmony and happiness should be the main objective of any enterprise to justify its survival and progress. And material progress has been achieved by many organizations, but there is not any target of human happiness that can be achieved. We seek fulfillment, happiness and success; it is the combination of inner and outer achievement. Success needs holistic view, and inner fulfillment is related to our spiritual, mental, emotional and physical enrichment. The outer achievement is related to achieving set goals, using one’s talents and experience for the benefit of others (employees, customers, clients and public). Outer success fulfills social responsibility and ecological balance. Outer success is also related to managerial performance, which has two components effectiveness and efficiency, as per the view of Peter F Drucker. He says “good managers are known for doing right things than doing things right”.

The performance and productivity can be expressed through effectiveness and efficiency. These two words are clearly described in the above idea given by Peter F Drucker. Effectiveness means ‘the ability to do the right things’. This involves choosing right goals or ends. If a manager chooses wrong goals, the output or results will not be accepted or preferred by the public and organization. The word effective is derived from the word ‘effect’ that means powerful in effect and this shows result or effects. Effectiveness is concerned with results or outputs, unlike efforts, which measures inputs. The effect or output can be materialistic ‘Tangible’ or spiritual ‘Intangible’ or the combination of both. We can easily define the word effectiveness as ‘value of the output to the recipient or to the market’. People purchase value not material objects and effectiveness is measured by value of time. In order to earn good reputation, a company should go in for deployment of minimum amount of efforts and time for achieving improved quality results. And this very idea emerged in form of value oriented marketing and value based management all over the world, which is focused in this research work.
Efficiency means ‘ability to do things right’. It is an input-output concept. It measures the relationship of quantity and contents of output to input. Efficiency can be defined as ‘the length of time required and level of direct expenditures incurred to perform an operation. The manager has to minimize the total cost of production i.e. cost of labour, material, and time to achieve set goals. Efficiency is the cost of effectiveness. In other words efficiency is related to skills of individuals. Effectiveness in performance of managers or workers is a function of values and skills together. Values are intrinsic in nature, connected with ‘becoming’ process and are means of achieving effectiveness or perfection at work. On the other hand skills are extrinsic, concerned with the method of ‘doing’ in the sense of achieving speed, dexterity and efficiency. Values are base of skills and subjective in nature, and skills are objective in nature. To do we require training and skills and to become we require education and values. Both play important role in internal and external development of person. Again this idea focuses on holistic vision of management where we strive for both quantity and quality, and not only for the quality of system but also for the quality of mind of individuals who run the system. To describe this idea better, value oriented holistic concept, an Indian Philosophy is compared with Japanese concept of total quality management (TQM). The focus is given on the purity of mind that guides the reasoning and intellect in all managerial functions, particularly in human resource management.

As per Indian wisdom, under value driven management, we should have value based means as well as ends, hence we should recognize the importance of human values and goals must be based on human values, than only we would have both the company as well the society happy and prosperous. It is said that if skills are lost little is lost, if values are lost everything is lost. Every effort must be made by the top management in the organization to inculcate values among individuals working with the organization, as human values not only helps in self development, managing interpersonal interactions, and achieving
excellent performance but also in shaping the internal and external domains of business and enhancing the reputation and goodwill of the organization.

Ethics and values must be an integral part of management and work culture. In the process of pursuing exclusively the material well-being we have threatened both- physical environment and ethical moral fabric of our society. We have created unwanted stress and strain, unrest and loneliness in human mind, and adverse management of work life. Any organization, which cares for its people, cannot ignore such unhealthy development. Development of people, not only in skill but also in morals, ethical and spiritual values, has now become the necessary ends itself.

The role of religion in nourishing ethico-moral power is also discussed in this research work. There is an important link between religion and emotions. The religious sprit is clearly concerned with an individual’s world of emotions and feelings. Religion and spirituality is to be experienced, not to be endlessly debated. A holistic experience is required in cultivation of purity of mind. Spiritual growth is considered by all religions as the ultimate goal of every human being.

Business ethics is a growing and developing discipline all over the world. Generally it is believed that business ethics involves adhering to legal, regulatory, professional and company standard, keeping promises and commitments and abiding by general principles like fairness, truth, honesty and respect. If the values and ethics are observed in individual life, the same will be naturally observed in business life too. Every society has its own culture, values and ethical norms, and business organizations as a member of society cannot escape from values, and ethics and it must define its business goals and clarify its responsibility towards the society at large to gain the status. Peter Drucker has also described business enterprise as society’s instrument for wealth and well-being. Business ethics matters because there is plenty of evidence that unethical behavior can cost a company its reputation and hard cash and reduce its stock price. More over companies that are perceived as
ethical are more likely to build trust among their shareholders, employees, customers and the wider community and this surely is good for business. A large number of companies today are choosing ethics over profits. Businesses are under pressure to define their standards and codes of practice for ethical behavior is the best long-term business strategy for a company- a view that has become increasingly accepted during the last few years. Ethical behavior creates the kind of good will and reputation that expands opportunity for profits. As a customer we are more likely to buy from a business that we know is honest and trustworthy, than to buy from one that has earned reputation for being dishonest and crooked. As an employee we are more likely to serve loyally a company, which is fair and respectful.

This study begins with definition and an investigation into the relationship between religion, values, morals, ethics, business ethics, and corporate social responsibility. The study describes in detail the various forms in which corporations are putting business ethics into the action and the way corporations meet their social responsibilities.

![Figure-1.1]

Figure-1.1
Religion as a Major Source of Values and Ethics

“The final proof of sincerity and seriousness is uncompromising emphasis on integrity of character in a job. For it is character through which leadership is exercised; it is character that sets the example and is imitated in turn. Character is not something a man can acquire; if he does not bring it to a job he will never have it; it is not something one can fool people about. Integrity may be difficult to define but what constitutes lack of integrity or such seriousness, as to disqualify a man for a position, it is not. A man might himself know too little, perform poorly, lack judgment and ability, and yet not do damage. But he lacks in character and integrity- no matter how knowledgeable, how brilliant, how successful – he destroys. He destroys people, the most valuable resource of the enterprise; he destroys spirit; and he destroys performance.”

In the words of famous management guru, Peter F. Drucker, integrity of character in a man has higher place than skills and abilities. If we disqualify a man for a position, does not mean lack of integrity.

Dharma (religion) is the Indian concept almost synonym to integrity. However dharma has a wider scope than integrity. Integrity of character means wholeness, totality, and completeness of character. As man’s behavior is governed by ego, which is false notion of mind, protects him from seeing the reality. Integrity of character means one is free from this ego, and has self discipline and courage to govern this ego and he can see the reality and the truth. Dharma is the ultimate source of all values and ethics to build character and fight against all evil forces. Dharma is to live an ethico-moral life. There is a saying in sanskrita ‘dharma rakhati rakshitam’ that means dharma protects those who follow the path of righteousness. It means that who do not follow this path will ruin them.

The word religion is derived from Latin word ‘riligare’ which means to bind. Religion may be said to bind us by rules, laws or injunctions so that we may not degenerate or suffer in misery. Hinduism conveys the idea broader in scope
than the word religion that is the idea of Sanatan Dharma. Sanatan means which has neither beginning nor end, something that is eternal. Thus Sanatan Dharma is based on eternal laws. Dharma also means ‘that which holds’ holds the people of this world and the whole creation. Athurva veda describes dharma in away ‘prithivim dharmana dharitam’ i.e., this world is upheld by dharma. The law that sustains the entire cosmos is called dharma.

The best meaning of dharma is the ‘law of being’, without which the things cannot exist. It also refers to the original nature of anything as light and heat in the sun is the nature of sun and these two qualities are hold by the sun. If we take out light and heat from the sun, the sun will remain no sun. As fire is known for its heat and water is for its liquidity, without which the word fire and water has no meaning. We cannot separate any eternal quality from anything. Similarly the eternal quality of living being that is life cannot be separated. And without life (soul) living being cannot exist. In this way Dharma also implies eternal functions (duties and responsibilities). Qualities and nature of soul (atman), our eternal companion, is the Dharma of human beings. Therefore, the question arises before us that what is the true nature and quality or eternal functions of soul. We can easily see that every human being is constantly engaged in rendering service to another human being in order to achieve happiness. Human beings cannot be exempted from rendering services to others. When we render services with expectation of results: we do not achieve happiness, if do not get our expectations fulfilled. Thus, rendering services with detached involvement is dharma of human being. Author of Ramacharitmanas, Tulsidas defines the root of dharma as compassion. Parhit saris dharma nahi bhai means no religion is comparable to rendering services to benefit others. Ahinsa parmoharma means one should not hurt another person or should not think or perform any vocal or physical action, which disturbs peace, harmony and happiness of others. The purpose of Dharma is doing right, doing good and becoming good. Sanatan Dharma is the business
of all the people of the world. It is beyond the boundaries of caste, religion and various sects.

According to bhagvatam there are four pillars of dharma *tapa* (austerity), *souch* (purity), *daya* (compassion) and *satya* (truthfulness). The life has broken the first three qualities with pride (*maya*), contact (*sanga*) and intoxication (*Madhya*) as our mind is controlled by false ego. Manusmriti prescribes ten essential rules for the absorbance of *dharma*: patience (*dhriti*), forgiveness (*kshma*), self control (*dama*), honesty (*asteya*), sanctity (*shauch*), control of sense (*itdraiya-nigrah*), discrimination or reason (*dhi*), knowledge of learning (*vidya*), truthfulness (*satya*), and absence of anger (*akrodha*). These then are the marks of *dharma* (*Manusmriti VI:92*). Manu also further writes, ‘non-violence, truth, non-coveting, purity of body and mind, control of senses are the essence of dharma’ (*Manusmriti X: 63*).

There are four Vedas in Indian tradition *Rigveda*, *Yajurveda*, *Samaveda* and *Athurvaveda* underlying the path of *gyana* (knowledge), *karma* (action), *bhakti* (devotion) and the synthesis of the three respectively. Vedas form the foundation of religion. The essence of Vedas is contained in *vedantas*. (*Ved=knowledge, anta=end, the ultimate goal*). The main message in veda is that God resides in everyone in form of soul (small divine). One must perform his prescribed duties to bring out that divinity in others and himself. One can find throughout the Vedas an understanding of human problems and a sympathetic approach to them. Vedas suggest the path of righteousness and natural universal laws whose absorbance enables human to save himself from degradation and suffering. Vedic text is filled with doctrines pertaining to universally applicable laws. The purpose of religion is to make you a good human being, a good citizen, happy and contented man. Dharma helps in character building and ensures ethical living, remembering all the time that ‘education without character, success without humility, and commerce without morality is useless and dangerous’.
Values

Beauty lies in the eyes of beholder. Different people from different angles see the same object. Views vary among corporations and individuals according to size and type of organizations. Anybody is the pursuit of effectiveness works for it, from his own point of view based on his specialization. Values means views of life. Values means worth or importance of anything, in other words we can say how one rates the possession of anything. Some people feel very good when they possess some foreign articles or imported goods, other may feel proud to possess some indigenous Indian goods. There are types of worth of anything; intrinsic and extrinsic. Extrinsic values mean the outer aesthetic importance of anything that we possess. The possession may satisfy ego and adds prestige to the owner. Intrinsic value refers to the performance and utility value of anything. Our effectiveness at work is tied to intrinsic human values. Values are subjective and spiritual in characteristics differs from person to person and they are internal and intrinsic in nature.

Value can mean both ‘end-state values’ as well as ‘value-as-means’ e.g. increasing market share by falsely advertising (value as means) a new and improved product. End-state values, or organizational values like productivity, profitability, market share, innovation, growth, can easily be understood as Terminal Values also. This shows ‘what is valuable’. And ‘value as means’ shows ‘how one goes about what is valued’ and also called Instrumental Values. Value also means process of judgment of desirable. Values helps us in distinguishing between the ‘desirable’ and ‘desired’, between ‘delectable’ and ‘electable’, between ‘short term’ and ‘long term’, between the ‘preya’ (avidya) and ‘shreya’ (vidya). Here preya means what one desire or wants e.g. worldly achievements, glories, and pleasure etc. and shreya means what is desirable or what ought to be desired. It is the good or the path, which leads to immortality. The path of shreya is difficult to follow and the path of preya is easier and attractive. The wise man (to rare to be found) chooses the path of shreya and
those who are stupid select the path of preya. Such men are deluded, selfish and blind about reality, see nothing beyond death.

Values are also called *gunas* or qualities and serve the process of becoming, in the sense of transformation of the level of consciousness to the purer and higher levels. We can say ‘to become’ we need values. We can acquire values through education. Our parents and our teachers imbibes values in us.

The *Sankhya* school of Indian philosophy says that the entire physical universe including the human mind is a manifestation of *mula prakriti* or primordial *prakriti*. There are three *gunas* or substance, attributes or psychological forces, which necessarily co-mingle, in all phenomenal manifestations of *prakriti*, the active but insentient aspect of creation. *Prusuha* is the other sentient aspect, of the creation. Human personality on the empirical plain is also a ‘working’ of this *prakriti*, and hence constituted of these *gunas* – sattwa, rajas, tamas. Our life is moulded by permutations and combinations of three *gunas* or modes of nature. These three *gunas* are collectively responsible for inborn value system of individual. *Guna* influences our mind and intellect, thoughts, emotions, passions, feeling, attitude, actions, behaviors, character and our nature. Our actions are associated with these internal thoughts and feelings. We can say external life faithfully displays what we are within. According to *Gita*, sattwa represents *prakasha* and Prasad, rajas represents raga (affection) and *trishana* (desire, wants) and tamas represents *moha* (attachment) and *pramad* (idleness). These key modes stand for illumination and felicity, attachment and carving, delusion and negligence respectively.

In non-technical, popular parlance the term sadgunas means good qualities or virtues or positive values, while avgunas means bad qualities or vices or negative values. Human behavior is the manifestation of these mental contents guna (values). The sadgunas originates from sattwa, the avguanas originates from rajas and tamas. Though the dynamic or kinetic core of rajas is indispensable for performance, it is the source of avguna. Practically the *kama,*
krodha, lobha, and moha (desire, anger, greed, delusion) combination constitutes the broad foundation of all our avgunas. The sadgunas supports our dharmic propensities; our value system represents the system of thinking or strategic management of life itself.

Morals

Morals are positive set of values or those principles that have been internalized. Our morals are automatic responses to situation. These are the values we believe in deeply. Moral is generally used to describe personality who people are, e.g. moral person or immoral person. We learn, acquire morals from our parents, teachers, religious leaders, friends, and experiences, and they provide the context or framework for our moral action. Doing what we believe morally right and doing what would best satisfy our own interests may be two different things; Morality serves to restrain our purely self-interested desires so we can all live together.

Morals can also be defined as ‘mental contents of good person are called morals or positive ethical values.’ Moral values are known as divine qualities (devi sampatti or virtues). We can put sadgunas under the level of divine qualities and avagunas under the level of aasuri sampatti or demonic qualities or vices respectively. The list of virtues and vices according to the vedic literature is given as follows:

Sadgunas or daivi sampatti (virtues)

Fearlessness, courage, risk taking ability, vigor, purity of temperament, control of mind, steadfastness in yoga, giving, generosity, self control, sacrifice, study of scriptures, straightforwardness, simplicity, harmlessness, truthfulness, absence of wrath, cheerfulness, self-denial, calmness, absence of faultfinding, compassion to all, absence of greed, gentleness, friendship with all, modesty, integrity, freedom from restlessness energy, forgiveness, empathy, patience, cleanliness, absence of envy and pride, love and affection, faith and loyalty etc.

Avagunas or aasuri sampatti (vices)
Pride, arrogance, excessive self esteem, wrath, harshness, ignorance, bound in a hundred bonds, amassing unjust gains, egoistic, addicted to desires, self regarding ostentation, hating god in himself and in man, cruelty etc.

Morality deals with interpersonal relationship. An industrial situation does not posses a solitary life but it is social process of interdependence and cooperation, which entails the mutual relationship of people that directly affects the quality of output. We develop positive values and morals and help others to develop the same. Moral standards include the norms we have about the kinds of actions we believe are morally right or wrong, as well as values we place on the kinds of objects we believe are morally good and morally bad. Moral norms can usually be expressed as general rules or statements such as ‘always tell the truth’, ‘it is wrong to kill innocent people’. Moral values can usually be expressed as statement describing objects or features of object that have worth, such as ‘honesty is good and injustice is bad’.

**Ethics** (*Sadharan dharma means that which is relevant to all*)

The word ‘ethics’ has origin in Greek word means; character, norms, morals, and ideals prevailing in a group, society. Ethics may be referred to as some standardized form of conduct or behavior of individuals understood and accepted in a particular field of activity prevailing in a group or a society. It is also known as *sadharan dharma* means standards or common values relevant to all. In Agni puran the key elements of *sadharan* dharma or ethics which are relevant for all are listed as –*Ahitma* (non violence), *kshama* (forgiveness), *kshanti* (peace), *indriya-nigraha* (self control on senses), *daya* (mercy), *saucha* (cleanliness), *satya* (truth), *tapa* (austerity), *jnana* (knowledge).Ethics is a mass of moral principles or sets of values about what conduct ought to be. Ethics is also a generalized system of values that gives us general idea about what is right or wrong, true or false, fair or unfair, just or unjust, proper or improper. Ethics means the study of morality and deals with morality. Ethics is the kind of investigation and includes both the activity of investigating as well as the results of that investigation whereas morality is the subject matter of that ethics.
investigates. Ethics is a branch of philosophy or science of morals. One writer (Deepak Parekh, CMD HDFC in his J.R.D. Tata Corporate Leadership Award lecture in 27.2.1997) has given one line definition of ethics ‘Do not do something that you would be ashamed of, if it becomes public’. Ethics are code of conduct or set of rules and standards that guide behaviour personal or professional. When an action is in harmony with our morals, we say that the action is ethical. When it is not, it is unethical. When the ethics in certain field conflicts with our personal morals and ethics, we are confronted with ethical dilemmas.

Ethics is the discipline that examines one’s moral standards or the moral standards of the society that determines these standards are reasonable or unreasonable in order to apply them to concrete situations and issues. The ultimate aim of ethics is to develop a body of moral standards that we feel a reasonable to hold – standards that we have thought about carefully and have decided are justified standards for us to accept and apply to the choices that fill out lives. Ethics is a normative study that is concerned with developing reasonable normative claims and theories, whereas other social sciences also study morality, but aims at providing descriptive characterizations of people’s beliefs.

**Ethics in business**

Business is the most frequently used phrase in the branch of management literature. Business ethics seems to permit a set of activities or choices which within the domain of commerce and economics, can pass off as ethical, even though from a wider human perspective they may not. Sometimes in order to run the business we do not stop producing a harmful product till it can be marketed at profit, in this case we follow the business ethics. Business ethics makes a business follow and formulate such strategies which offer some profit to the customer as well as profit to the marketer.(e.g. after sales services, product differentiation, multiple uses, exchange offer etc.) Here we only think about the willingness of the customer to buy and we follow such rules of
business, which are meaningful in increasing the consumption of the product. If we think about the harmful impact of product or consequences of consumption on society, and analyze it from the viewpoint of desirability then we talk about ethics in business.

We can see some advertisement offers very good selling ideas, but these ideas do not satisfy the social economic and cultural considerations of the society. Here we can say it may satisfy the business ethics criteria, but not the ethics in business criteria. A product/business may satisfy adequate business criteria but may not satisfy ethical criteria. This test of ethics in business lies in the capacity of a decision or activity to contribute to ‘human flourishing’, this concept is well expressed by the concept of *lokasangraha* in the *Bhag vad Gita* (sect 3). The concept of corporate social responsibility and value based holistic concept of management reflect the ethics in business, which clearly see and accept the holistic ehico-moral universal human inter-relationship.

**Business Ethics**

Business ethics are reflected in the vary philosophy of business organizations. Ethics in the field of business are business ethics. These are desired norms, moral set of values and behavior exclusively dealing with business transactions. It provides the guidelines that help individuals to screen the rightness and wrongness of decisions and behaviors before an impulsive or random act causes unforeseen negative consequences. It also refers to running the business abiding with certain policies, rules and regulations desirable in the area of business. For example in the area of marketing management American Marketing Association defines its codes of ethics for its members embracing the different topics. (See Appendix III) Business ethics are rules of business conduct, by which the propriety of business activities may be judged. It can be defined as an attempt to ascertain the responsibilities and ethical obligations of business professionals. Here the focus is in people, how individuals should conduct themselves in fulfilling the ethical requirements of business.
Business ethics is a study of moral standards and how these apply to the systems and organizations through which modern societies produce and distribute goods and services, and to the people who work within these organizations. In other words it is a form of applied ethics. It includes not only the analysis of moral norms and moral values, but also attempts to apply the conclusion of this analysis to that assortment of institutions, technologies, transactions, activities, and pursuits that we call business. As this description of business ethics suggests, the issues that business ethics covers and encompass a wide variety of topics. There are three different kinds of issues that business ethics investigates: systemic, corporate and individual.

Systemic issues in business ethics are ethical questions raised about economic, political, legal, and other social systems within which businesses operate. These include questions about the morality of capitalism or the laws, regulations, industrial structures, and social practices within which business operate.

Corporate issues in business ethics are ethical questions raised about a particular company. These include questions about the morality of activities, policies, practices, or organizational structure of an individual company taken as a whole.

Individual issues in business ethics are ethical questions raised about a particular individual or particular individuals within a company. These include questions about the morality of the decisions, actions, or character of an individual. These issues closely interrelated to each other discussed in detail.

**Individual vs. corporate ethics**

When one accepts or internalize the moral principles or standards acquired from parents or other authorities to such an extent that it becomes part of his moral code, and he is highly motivated to behave in conformity with the conduct required by his personal code. Personal values and personal ethics play
vital role in managerial decision-making. Due to this managers experience role
cflicts because pressure from the top to meet corporate goals.

The most significant kinds of modern business enterprises are corporations: organizations that the law endows with special legal rights and powers. Today large corporate organizations dominate our economies. Modern corporations are organizations that the law treats as immortal fictitious ‘person’ who have right to sue and to be sued, own and sell property, and enter into contracts, all in their own name, as an organization. The modern corporations consist of (a) stock holders who contribute capital and who own the corporation but whose liabilities for the acts of the corporation is limited to the money they contributed, (b) directors and officers who administer the corporation’s assets and who run the corporation through various levels of ‘middle managers’ and see employees who provide labor and who do the basic work related directly to the production of goods and services. To cope with their complex coordination and control problems the officers and managers of large corporations adopt formal bureaucratic systems of rules that link together the activities of the individual members of the organization so as to achieve certain outcome and objectives, such rules constitute the foundation of corporate ethics.

If we study ethico-morality in business then we have to face so many questions e.g. do moral standards apply to corporations or individuals? Can we say that act of organizations are moral or immoral in the same sense that the actions of human individuals are? Can we say that organizations are morally responsible for their actions in the same sense that human individuals are? As far as rules, legislation, administration, policies and procedures of an organization are concerned they tie organization together and this allows us to say that organizations are responsible for their activities in the same way as individuals are. Though the organization has moral duties to their members and society, yet the rules, which abide the individual together, have nothing to do with morality. Corporations can be treated as a ‘legal person’ or a ‘moral actor’ not
as a ‘moral person’ or ‘human person’. We can say within the limited status of an actor, the corporation is subject to morality.

Corporate organizations and their acts depend on human individuals and human beings run these organizations. That’s why individuals remain the ultimate point of accountability. When an organization’s members collectively but freely and knowingly pursue immoral objectives, it ordinarily makes perfectly good sense to say that the actions they perform for the organization are ‘immoral’ and organization is morally responsible for this immoral action. As individuals who are the primary carriers of moral duties and moral responsibilities in the organizations, are free to choose whether to follow the organization’s rules or even to change these rules, that is why managerial or individual ethics are more important than corporate ethics as they determine the quality of work life in the organization. The organization system is only a machine through which ethics are applied. The corporate policies, corporate culture, corporate norms and corporate design can and do have an enormous influence on the choices and behaviors on corporate employees.

**Corporate Social Responsibility**

The social responsibility of business involves ethics, which is reflected in the philosophy of business organization and in its policies. Corporate social responsibility goes much further than business ethics. Social responsibility encompasses good business ethics, both within the walls of company and outside. It encourages enterprises to be involved in social issues, such as community improvement, improving underdeveloped working conditions, running educational institutes, hospitals and other social welfare schemes donating for social causes etc.; that are the outside the walls of the enterprise. While applying business ethics business enterprises do within the walls that is to four of its stakeholders-managers, consumers, investors or owners, and employees. Less concern is placed on other stakeholders, e.g. the natural environment, the community, and its suppliers and their working conditions. It
is argued that corporations are so powerful that they have an obligation to assume social responsibilities.

Modern discussion on social responsibilities got a major impetus with the book “Social Responsibilities of Businessman” by Howard Bowen. He suggested what business should consider the social implications of their decisions. Corporate social responsibility involves serious considerations of the impact of the company’s actions on society. Social responsibility is the social responsiveness of the company that simply means the ability of the corporation to relate its operations and policies to the social environment in ways that are mutually beneficial to the company and to the society. The main difference between social responsibility and social responsiveness is that the later implies actions and the ‘how’ of enterprise responses.

The fundamental idea embedded in corporate social responsibility is that business corporations can no longer act as isolated economic entities detached from the broader issues of societies. Since corporation have to draw on the community in which they operate for all resources, they also have obligations to their multiple stakeholders namely, those who get affected by corporate policies and practices who may affect the corporation in turn. Today, it is acknowledged that business has not just financial accountability but also has social and environmental responsibility popularly known as triple bottom line of good governance.

![Figure-1.2]
Triple bottom line is a term developed by Sustain Ability, a UK-based international business consultancy, which offers the following description: triple bottom line is used as a framework for measuring and reporting corporate performance against economic, social and environmental parameters. At its broadest, the term is used to capture the whole set of values, issues and processes that companies must address in order to minimize any harm resulting from their activities and to create economic, social and environmental value. This involves being clear about the company’s purpose and taking into consideration the needs of all the company’s stakeholders and shareholders, customers, employees, business partners, governments, local communities and the public. The triple bottom line is provides a framework within which corporate performance and social responsibility is measured and evaluated.

One definition of corporate responsibility is achieving commercial success in ways that honor ethical values and respect people, commitment and natural environment.

According to Keith Davis, social responsibility begins where the law ends. A firm is not been socially responsible if it merely complies with the minimum requirements of law because this is what any good citizen would do. Social responsibility goes one step further. It is a firm’s acceptance of a social obligation beyond the requirements of law. Social responsibility of business means the obligation of business enterprises to make decision and follow lines of action, which are desirable in terms of the objectives, and values of society. Decision may affect environment, consumers and the community. Social responsibility is thus an obligation of decision makers to take actions, which protect and improve the welfare of society as a whole along with their own interest. Every decision the businessman takes have social implications, be it, opening new branch, closure of existing branch, replacement by men by machines, laying-off employees, subcontracting. Society is affected in one-way or the other.
For any business, justice should be the rule. This means that there should be a company code of conduct that facilitates improved performance. It is the duty of the management to ensure that responsibilities of business to shareholders as well as to stakeholders are fulfilled. The concept of social responsibility also includes the idea of trusteeship. Gandhiji reminded us of moral values saying that life itself is a trust and all powers carry obligations with them. Managers are indeed trustees of shareholders and all its stakeholders in any business organization. Each of parties involved in the business has no more than a partial interest in the enterprise: only the management entrusted with its governance carries the overall responsibilities for its success and growth. Management must be freed from ‘one sided’ dependence on any single interest, if it has to take a broad enough view of all its obligations.

Social Responsibilities towards different groups

There are two models, first is shareholder model and second is stakeholder model. According to shareholder model, the only social responsibility the organizations have is to maximize shareholder’s wealth by maximizing company profit. According to stakeholder Model Company must satisfy the needs and interests of multiple corporate stakeholders, not just shareholders. However the needs of primary shareholders on which organizations rely for its survival, take precedence over those of secondary stakeholders. A company is responsible to all its stakeholders e.g., customers, employees, shareholders and investors, suppliers, government, and environment and community. Social responsibilities of business can be divided under two broad categories.

A. Internal interest groups
B. External interest groups

Various interest groups who have stake in the business are explained in Figure.

A. Internal Interest Groups:

i. Owners of Business: It is to be ensured that owners, shareholders, partners get fair dividend or a fair, adequate and stable long-run rate of return on the
capital invested. Fair return has to be more than bank rates and it should be reasonable. Management must provide to them regular, accurate and up-to-date information about the working of the company. Maximum discloser about the progress and achievements of the company is very satisfying to the share holders. Shareholders expect security of investment and share in capital appreciation as bonus shares. Management must ensure planned growth, solvency of the business and optimum utilization of the resources of the business.

Figure-1.3 (Business and Its Interest Groups)
AREAS OF CSR

Figure-1.3
ii. Employees: The modern concept of business is ‘partnership’ between labour and management. Management should serve as a model employer. And provide stable employment, adequate wages, good and safe working conditions, job satisfaction, opportunities for self-development and promotion. Employees also need the same. They want to unite and form their trade union to achieve rights and to seek protection against high handedness of management. They desire their work to be rewarding. Management as a part of its social responsibilities is expected to provide for their social security, welfare, grievances settlement, machinery and sharing of excess profits. Employees may be allowed to participate in decision-making process at all levels of management. In this way a sense of belongingness can be developed. Healthy trade union practices may be encouraged. According to partnership concept the major areas of relationship are

a. *Wages:* These should be need based and productivity related.

b. *Salaries for managerial personnel:* According to responsibilities and government rules. There should be minimum disparities between wages of employees and salaries of managerial personals.

c. *Relationship between employers and employees:* Employers should consider the following lapses:

- Unsympathetic treatment to employees by supervisors.
- Favoritism in promotions etc.
- Lack of communication between management and workers.
- Lack of appreciation of meritorious achievements and no condemnation of neglect and lethargy.
- Delay in settling grievances/disputes with employees.
- Lapses on part of employees i.e., indiscipline in carrying out orders.
- Lack of desire by employees to improve efficiency.
• Role of politically inspired trade unions: frequent strikes, gheraous etc.

d. Industrial Legislation i.e., Laws relating to employees to be followed strictly.

e. Welfare of employees: Employers to provide health, safety, working conditions and welfare measures for conductive work environment.

B. External Interest Groups

i. Consumers and Community: In the words of Henery Ford, Management must provide those goods and services that the society needs at a price that the society can afford to pay. Management is supposed to provide good quality products to the consumers. And deliver the product at the right time, at the right place, at the right price and in right quality. Consumer and community are ultimate judges of business and its products. It is a businessman’s duty to protect consumer interest at any cost. (See Appendix IV) He must guard against adulteration, poor quality, lack of service to the consumer and dishonest advertisements, underweighting, supply of stated goods etc. He must handle the complaints of consumer more carefully and efficiently and promote the consumer association, allow no hording concerning prices. He must adhere to the quality and standards (ISI, AGMARK). He must also provide after sales services.

ii. Government:

a. Employer has to be law abiding, follow laws relating to trade, factories and labours.

b. To pay his dues and taxes fully and honestly.

c. Not to purchase political support by unfair means.

d. Not to corrupt public servants.

e. Avoid adulteration.

To maintain fair trade practices and avoid hording and cornering.
Types of Social Responsibilities

Companies can best benefit their stakeholders by fulfilling their economic, legal, ethical, and discretionary responsibilities.

Economic and legal responsibilities play a larger part in a company’s social responsibility than do ethical and discretionary responsibilities. However, the relative importance of economic, legal, ethical, and discretionary responsibilities depends on expectations that society has from corporate social responsibility at a particular point and time. Today the later two kinds of responsibilities are considerably more important.

Economic responsibility is making a profit by producing product and services valued by society. Legal responsibility is the expectation that companies will obey a society’s laws and regulations as they try to meet their economic responsibilities. Ethical responsibility is society’s expectations that organizations will not violate accepted principal of right and wrong when conducting their business. Meeting ethical responsibilities is more difficult than meeting economic and legal responsibilities because different stakeholders may disagree about what is or is not ethical. Discretionary responsibilities relate to the social roles that businesses play in society beyond their economic, legal and ethical responsibilities. These are voluntary. Companies will not be considered unethical if they do not perform them.

Corporate social responsibility is multi dimensional. It extends to economic, legal, ethical and philanthropic aspect. More concretely, it encompasses ‘Greening Policy’ aimed at protecting the environment from pollution by the
company: ‘Affirmative Action’ involving the employment and or training of members of the disadvantaged sections of society: community development activities: domain development, that is activities aimed at straightening the domain of activities of the organization such as its industry or sector: activities aimed at increasing the social and economic development of the nation such as through import substitution or production and distribution of products/services of national priority: and activities aimed at improving the quality of governance in the country (through for example, lobbying the government for ‘Reform’ or governance or a more rational tax structure).

Corporate social responsibility does not mean that every company does all of the above. Just as it is selective in what products/service to market, and to which market, the company needs to be selective in what corporate social responsibility activities to engage in, to what extant and how. For this there is a needs to identify projects, allocate resources and develop execution, monitoring and review mechanism.

Corporate social responsibilities are visible in following forms in business organizations:

**Social Marketing**

Social marketing was ‘born’ as a discipline in the 1970’s, when Philip Kotler and Gerald Zaltman realized that the same marketing principles tat were being used to sell products to consumers could be used to sell ideas, attitudes and behaviour. Marketing concept is not an appropriate philosophy in an age of environmental deterioration, resource shortage, explosive population growth, world hunger and poverty, and neglected social services. And it works for the benefit of marketer only and sidesteps the long run societal welfare.

Marketing concepts and techniques are now widely being used to promote social ideas such as public health campaigns to reduce smoking, alcoholism, drug abuse, and immunization; environmental campaigns to promote wilderness protection, clean air, and energy conservation; and other campaigns
such as family planning, human rights, and racial equality, higher literacy, fund raising. Marketing can be applied to promote these ideas or causes, known as social marketing, and it includes the creation (design) and implementation of programs seeking to increase the acceptability of a social idea, cause, or practice within targeted groups involving the consideration of product, planning, pricing, communication and market research. (Philip Kotler)

Social marketing is the application of marketing socially beneficial ideas and causes to a particular group of people or community as a whole. The basic motto behind it may be either to alter belief, values, and attitudes of people or motivate them to take action or mould their behaviors. Here marketers make all possible efforts to blend the social and commercial consideration in tune with holistic concept of management. Cause related marketing is a form of social marketing. Pringle and Thompson define this as ‘activity, which a company with an image, product or service to make built a relationship or partnership with a cause or a number of causes or mutual benefit’. Companies can see these causes as an opportunity to enhance their corporate reputation, raise brand awareness, increase customer loyalty, built sales and increase press coverage.

Social marketing is also known as ‘humanistic marketing; and ‘ecological marketing’). It calls upon marketers to built social and ethical considerations in to their marketing practices. A Social marketer design desirable product, the product that is not only beautiful but also beneficial, based on the ‘immediate consumer satisfaction’. ‘Social marketing concept hold that the organizational task is to determine the needs, wants, interests of the target markets and deliver the desired satisfaction more effectively and efficiently than competitors in a way that preserves or enhances the consumer’s and society’s wellbeing’.

**Green Marketing**

Green marketing is used to describe “any marketing activity of a firm that is intended to create a positive impact or to lessen the negative impact of a
product on the environment and as a result capitalize on consumer’s concern for environmental issues. It encompasses every thing from using recycled material in making a product to claims on advertising or on package labels (Stanton, et al. 1994). Green marketing grew out of the attempts of companies to respond to the criticism of individuals and groups concerned about pollution and waste. These strategies include the development and production of products with biodegradable packages use of recycled material and design and marketing of products that are environmentally safe to produce and use and reduce air pollution. The ethics in environmental movements place even stricter demands on companies, companies can be held to an increasingly higher standard of environmental responsibility in their marketing and manufacturing activities. (See Appendix VI) Marketers must also take responsibility for the social and environmental impact of their actions. Environmentalism is an organized movement of concerned citizens, businesses, and government agencies to protect and improve people’s living environment. Environmentalists are concerned with marketing’s effects on the environment and with the cost of serving consumer needs and wants. It maximizes life quality.

**Corporate Governance**

One of the approaches to protect the interests of the society is corporate governance, which advocates enhancing the accountability of the board of directors, chairman and chief executives to shareholders and a more transparent auditing. Governance is about governing. It implies a degree of control to be exercised by key stakeholders’ representatives. The benefits that the corporation receives from society implies certain responsibilities, including key elements of corporate governance, such as ‘transparency, honoring of contracts and respect for the institution for the larger society’.

The primary goal of a corporation is to maximize shareholders wealth in a legal and ethical manner. Corporate governance translates into “Conducting the affairs of a company that ensures fairness to customers, employees, investors,
vendors, the Government and to the society as a whole”. There should be fairness and transparency in transactions with all the stakeholders. Corporate governance is about building confidence and increasing the trust of the stakeholders in the way the company manages its affairs. It is about bringing efficiency and effectiveness through the use of fair and transparent means.

According to World Bank “Good governance is epitomized by predictable, open and enlightened policy making, a bureaucracy imbued with a professional ethos acting in furtherance of the public good, the rule of law, transparent processes, and a strong civil society participating in public affairs”.

United Nations Development Program (UNDP) views governance as the exercise of political, economic and administrative authority in the management of a country’s affairs at all levels. It comprises mechanisms process and institutions, through which citizens and groups articulate their interest, exercise their legal rights, meet their obligations, and mediate their differences.

Organizations For Economic Corporation and Development (OECD) define the governance as the use of political authority and exercise of control in a society in relation to the management of its resources for social and economic development. This broad definition encompasses the role of public authorities in establishing the environment in which economic operators function and in determining the distribution of benefits, as well as the nature of relationship between the ruler and the rule.

The framework of corporate governance is not only an important component affecting the long term prosperity of companies; it is a leading species of large genus namely, National Governance, Humane Governance, Societal Governance, Economic Governance and Political Governance. Government provides necessary conditions or environment for corporations to operate. However, value can be added by technological achievement, enhancement of productivity and optimal use of available resources by corporate sectors.
The tests of good governance lie in the goals and objectives of a company; in its policies and programs, and the manner of their execution, in the results achieved, and above all the general perceptions of the people about the quality of functioning of its various agencies their attitudes and behavior towards the public, their sincerity, honesty, and commitments towards the public duties (Barthwal, C.P.2003). In the great eastern philosophy peace, order, security, and justice were regarded as fundamental aims of the government concerning all the aspects of human life (social, economic and religious). Maintenance of law and order is another important indicator of good governance. According to eastern philosophy an ideal society is possible if the governance of the country is based on clear, efficient and effective administration.

Economic organizations are part of social environment, which they share with vast numbers of organizations and individuals. They all interact with each other through the mediation of a set of values, which form part of a larger complex of ethics, justice and morality. A highly developed sense of ethics enables corporate governance to build a trusting, long-term relationship with customer and consumers. Thus ethics surely makes a lot of economic sense. Companies while applying ethics to business must maintain balance between profits and social welfare. Rules guide them in their efforts to earn profits in ways that do not adversely affect individual or society as a whole. Today a growing number of companies are designing value based, globally consistent ethics programs that provide employees a level of ethical understanding to make appropriate decisions, even in the changing paradigm. Though business ethics vary from business to business and depend on how company integrates core values such as honesty, trust, respect and fairness into its policies, practices and decision-making. It not only involves companies’ compliance with legal standards but also the nature and quality of the relationship with stakeholders.

The assumption that business and ethics are adversaries and their co-existence is impossible, no longer holds true in today’s globally competitive corporate landscape. The trade off between good governance and the lure for higher
profits has always been the dilemma of businessman. It has now been widely recognized that the outstanding performance, higher profits and expanded reach, nothing act as safeguards for a company when good governance and ethics are at backburners. A single wrongdoing is enough to ruin the reputation of a company; it takes ages to build ethical culture and good governance.