



Mains Practice Question

Q. Does Corporate Social Responsibility suffice for everything that is needed in corporate ethics? Critically analyze? (150 Words)

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Approach

- Explain the concept of Corporate Social Responsibility (CSR) in India
- Explain how compliance with CSR does not guarantee corporate ethics
- Conclude by linking the concept of CSR with Gandhi's trusteeship and responsibility towards the society and nature

Ans.

- In 2014, India became the first country in the world with legislated Corporate Social Responsibility. Under this business specified criteria, companies are required to invest 2% of their net profits in areas such as education, poverty, gender equality and hunger as their social responsibility. It is because businesses host their operations within society, and in return, society expects business to show responsibility as they experience economic prosperity within its immediate as well as the wider environment.
- Although many companies have dutifully tried to transform the social sector through CSR projects such as Mahindra Pride Schools which provides livelihood training to youth from marginalized sections of the society, significant steps remains to be taken. CSR could not be treated as the sole standard for good corporate ethics.
- Corporate ethics is a broader idea dealing with the way in which a company behaves towards its internal and external stakeholders including employees, investors, customers, and regulators. A company may have good CSR records but may still espouse many unethical practices like tax evasion, greenwashing etc. Thus, Corporate Social Responsibility is just a legal conformity, not an ethical touchstone.
- Companies professing corporate ethics generate favourable public perception and helps in marketing their products. Corporations can establish their ethical credentials in ways over and above CSR such as Tata did at its headquarters in Mumbai, for years stray dogs walked into the building for shelter and food but instead of shutting them out the company built a kennel for them.
- CSR in India is rooted in Gandhian thought of "trusteeship" where commercial success should honour ethical values and respect people, communities and the natural environment.