

## A Study on Significance of Business Ethics and CSR with Special Reference to Selected Manufacturing Companies

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### ABSTRACT

Businesses do run with morality. The world largely understands that the businesses are dependent on the transactional excellence however the business community has learnt the tough lesson of infusing morality into business. Ethics govern the businesses. Business ethics is the study of appropriate business policies and practices regarding potentially controversial subjects including corporate governance, insider trading, bribery, discrimination, corporate social responsibility, and compliance etc. The Principles of Business Ethic includes Honesty & Integrity, Trustworthiness, Loyalty, Transparency, Respect for Others and Law Abiding. These virtues further support the Organisations to meet their Social Responsibilities. This paper is an Exploratory & Descriptive study conducted with the help of massively secondary data and Primary Data in the form of Interview Method. The Authors have Interviewed 5 Industry representatives to collect the view points on the theme of the study. The Study aims to understand the significance of Business Ethics and CSR for Organizations. It further aims to review the existing literature pertaining to the Business Ethics and CSR. The Authors also aim to study the Business ethics and CSR perspectives with special reference to manufacturing sector. The scope of the study comprises of the thoughtful review of the Business Ethics and CSR. Also the study has the potential to be a literature for further studies in this regard. The Authors have considered the Business Ethics and CSR as a generalized study with specifics related to the selected Company representative Interviews. The Theme of the study may have various other elements associated. Hence this may be a limitation of the study as the inferences are indicative in nature rather exhaustive.

**Keywords:** ethics, business ethics, csr, manufacturing sector

## I. INTRODUCTION

A business enterprise should do business and earn money in ways that fulfill the expectations of the society. Every individual living in society has certain obligations towards society. One has to respect social values and norms of behaviour. A business enterprise is permitted by society to carry on industrial or commercial activities and there by earn profits. But it is obligatory on part of the business enterprise not to do anything, that is undesirable from society's point of view. Manufacture and sale of adulterated goods, making deceptive advertisements, not paying taxes which are due, polluting the environment and exploiting workers are some examples of socially undesirable practices which may increase the profit of enterprises but which have adverse effect on society at large. On the other hand, supplying good quality goods, creating healthy working conditions, honestly paying taxes prevention/installing pollution devices in the factory, and sincerely attending to customer complaints are examples of socially desirable practices which improve the image of enterprises and also make them profitable. In fact, it is through socially responsible and ethically upright behaviour that business enterprises can get durable success.

Business ethics enhances the law by outlining acceptable behaviors beyond government control. Corporations establish business ethics to promote integrity among their employees and gain trust from key stakeholders, such as investors and consumers. While corporate ethics programs have become common, the quality varies. Following key outcomes of adopting Business ethics - Long Term growth, Cost reduction, Risk mitigation, Limited Resources Mobilization etc. Corporate Social Responsibility (CSR) does attract ethical approach. The Organisations do strategize for their social responsibility efforts.

The CSR strategy is the comprehensive plan companies adopt to design, execute, and analyze their corporate social responsibility initiatives. It includes specific focus areas, program design, promotion and communication approaches, and evaluation procedures. CSR Focuses on Environmental responsibility, Human Rights responsibility, Philanthropic responsibility and Economic responsibility.

## II. LITERATURE REVIEW

### **Business Ethics**

A.T. Ridhima analyzed that Ethical firms had a prestigious standing in the mind perspective of customers and brings loyalty base for them. Creates a conducive legal and regulatory work environment for business are complying to every requirement.

Business houses are taking major initiative to adhere to corporate responsibility through various eco-efficiency policies, green strategy and building a climate of integrity and excellence. A code simply defines the rights and responsibilities of members and helps guard against preferential treatment of employees. CSR initiatives help manage values associated with quality management, strategic planning and diversity management — this benefit needs far more attention. Customer loyalty, brand value, employees' pride all in integration increase market efficiency and thereby increase the economic efficiency of the firm.

As per Dr. Kasturi Bora and Ms. Upasana Borah, Business ethics is the study of appropriate business policies and practices regarding potentially controversial subjects including corporate governance, insider trading, bribery, discrimination, corporate social responsibility, and fiduciary responsibilities. Ethics commonly means rule or principles that define right and wrong conduct. Ethics is a fundamental trait which one adopts and follows as a guiding principle of basic dharma in one's life.

It implies moral conduct and honorable behavior on the part of an individual. Ethics in most of the cases runs parallel to law and shows due consideration to others' rights and interests in a civilized society. Unethical behavior or a lack of corporate social responsibility, by comparison, may damage a firm's reputation and make it less appealing to stakeholders.

Profits could fall as a result. For that Professional bodies should make some initiatives in this regard to ensure disclosure of ethical information to the community at large. Step taken towards the social responsibility should be standard. Decisions taken by the organization's authority should be evaluated ethically and for this purpose an expert should be appointed. Organization should focus not on the results rather than on the process of achieving that result. Everyone in the organization should participate in the formulation of mission statements. Rethink Recheck and Reapply process should be adopted for any unethical decision. Each and every modern business organization should have their own Code of Ethics.

Capt. Dr. Ashok V. Giri have discussed ethical values for Indian Managers and Western Managers. According to the researcher the managers of Indian companies should also develop the following values: Move from the state of inertia to the state of righteous action; Move from the state of faithlessness to the state of faith and self-confidence; Move from unethical actions to ethical action; Move from untruth to truth. Discussing about the Ethical Values for Western Managers the researcher found out that Western managers are highly professionals with excellent analysis power, high professional education and specialization. Western managers follow a proper code of conduct and work in the structured formal atmosphere with no place of modesty in their behavior. Professional efficiency and work disciplines are the conditions under which western managers perform. They consider rules as sacred in their value system. Western value system teaches contractual obligations. Managers honor their contracts. Western managers value principles above its privilege and they consider this as the best strategy to win.

Renu Nainawat and Ravi Meena studied brief on Indian corporate governance, corporate governance Codes, guidelines, Business Ethics, benefits of Business Ethics and also analyzed the relationship between corporate governance and business ethics. The researchers concluded that Ethics is the first line of defense against corruption while law enforcement is remedial and reactive. Good corporate governance goes beyond rules and regulations that the government can put in place. It is also about ethics and the values which drive companies in the conduct of their business. It is therefore all about the trust that is established over time between companies and their different stakeholders. Good corporate governance practice cannot guarantee any corporate failure. But the absence of such governance standards will definitely lead to questionable practices and corporate failures which surface suddenly and massively. In making ethics work in an organization, it is important that there is synergy between vision statements, mission statements, core values, general business principles and code of conduct confers a variety of benefits. An effective ethics programme requires continual reinforcement of strong values. Organizations are challenged with how to make its employees live and imbibe the organization codes and values. To ensure the right ethical climate a right combination of spirit and structure is required.

Dr. I. Anand Pawar and N. Suniha found that the CG practices exert great influence on the performance of the company. Companies which are having good CG practices will have good image among the investors and public as a whole.

Though a lion's share of the focus in the Satyam episode was on the role of the independent directors, experts believe the role of auditors is now in spotlight. Experts believe that it is the institutional investors who have the tools, bandwidth and clout to extract information and play an activist role in ensuring that managements don't go off-track. If institutional investors act collectively, they can demand the required changes at companies they have invested in. While the CG framework in the country is seen at par with other developed markets, the same has to be implemented in 'letter as well as spirit'. CG can be considered as an environment of trusts, ethics, moral values and confidence as a synergic effort of all constituents of society

that is stakeholders including the government, the general public and the professional service providers in the corporate sector. There are various soft laws as well as some stringent mechanism for the enforcement of the corporate governance.

## **CSR**

Dr. Reena Shyam studied about CSR and concluded that CSR is really about ensuring that the company can grow on a sustainable basis, while ensuring fairness to all stakeholders, CSR has come a long way in India. It has successfully interwoven business with social inclusion and environment sustainability. From responsive activities to sustainable initiatives, corporate have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. In the current social situation in India, it is difficult for one single entity to bring about change, as the scale is enormous. Corporate have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporate, NGOs and the government will place India's social development on a faster track.

Mr. Ravindra Kumar and Ms. Preeti Ruhela discussed about the issues and challenges faced by companies in carrying out CSR activities

The issues faced by companies are:

1. Developed Consumers Interest
2. Lack of Transparency
3. Demands for more Disclosure
4. Competitive Labor Markets
5. Lack of Community Participation in CSR Activities
6. CSR Initiatives & Narrow Outlook
7. Need to Build Local Capacities
8. Branding Activities
9. Negligence of Implementing CSR Issues
10. Unavailability of Well-established NGOs
11. Corporate Social Responsibility Initiatives & Narrow Outlook of companies
12. Deficiency of CSR Guidelines

The challenges are summarized as follows:

1. Issues of Transparency
2. Narrow perception towards CSR initiatives
3. Lack of community participation in CSR activities
4. Need to build local capacities
5. Non-availability of well- organized non-government organizations
6. Visibility factor
7. Narrow perception towards CSR initiatives
8. Lack of consensus on implementing CSR issues
9. Non-availability of clear CSR guidelines

Rosy Ahluwalia traced upon the growth of CSR practices in India through the passage of time. Researcher tried to put into perspective the trends in CSR activities and found out that for decades, Indian companies and businesses have viewed and carried out CSR as a philanthropic activity. However, a shift in perspective is witnessed, post amendments in the Companies Act, whereby Section 135 made it mandatory for the organizations to comply with the spending of a designated percentage of earnings and Schedule VII of the Act listed a set of activities to be carried out. Focus has moved from institutional building to sustainability. The businesses are being aligned in a more strategic manner to integrate the CSR into its core operations. There is more transparency in reporting of CSR activities by companies on their official websites, publishing CSR and Sustainability reports and annual reports. The coming years will reveal how the understanding of CSR undergoes a change and the new perspective gets enforced at the ground level.

Rabinarayan Samantra and Shivangi Dhawan viewed Corporate Social Responsibility as a multi-layered concept. According to them CSR has four interrelated dimensions namely, economic dimension, legal dimension, ethical dimension, and philanthropic dimension.

## **Economic Dimension**

This dimension relates to company's responsibility towards the company i.e., to ensure a fair amount of returns to the investors, right wages to the employees, providing goods to customers at fair prices, responding to business risks in an adequate manner, etc. economic dimension is the first and the most important one. It serves as the foundation or basis for other dimensions.

**Legal Dimension**

The legal dimension demands the company to abide by all the laws and the rule of the game in order to be socially responsible. Laws are statements and codes which tell us what to do and what not to do. In order to survive in the long run, every company needs to follow these codifications of dos and don'ts.

**Ethical Dimension**

The ethical dimension represents the expectations of the society from the corporate houses. Society expects the company to do more for them and go beyond the law to serve them better. It is what society expects from the companies over and above the economic and legal responsibilities.

**Philanthropic Dimension**

It represents the voluntary urge of the companies to do good for the employees, community, or society at large. This is what society desires. It is completely at the company's discretion, for instance, donating for a cause, supporting educational institutions, doing their bit for the environment, etc.

According to Neeraj Kumar Sharma Corporate Social Responsibility is a newly-visible activity which is at the first stage and will grow more in the coming times. Companies Bill which is a good effort to begin doing something by the Government of India for different companies to set apart and distribute certain budget for this activity but it is unclear that how much amount has to be spent on this activity. On the international front, CSR has been accepted as an important idea for image building and for the successful conduction of the business.

But in India, it has to be taken up on a more serious note than only a little tax benefiting activity. The amount projected to be spent on CSR activities should be fixed by government. Social and related to surrounding conditions or the health of the Earth development programs must be taken up by different companies as a part of this activity.

**Table 1:** Leading definitions related to the theme of the study

Definition Source	Definitions
Richard William Paul and Linda Elder  Cambridge Dictionary	<b>Ethics:</b> "A set of concepts and principles that guide us in determining what behavior helps or harms sentient creatures".  "Commonly used interchangeably with 'morality' ... and sometimes it is used more narrowly to mean the moral principles of a particular tradition, group or individual."
Andrew Crane  Raymond C. Baumhart	<b>Business Ethics:</b> "Business ethics is the study of business situations, activities, and decisions where issues of right and wrong are addressed."  "The ethics of business is the ethics of responsibility. The businessmen must promise he will not harm knowingly."
Philip Kotler and Nancy Lee  Harvard's Kennedy School of Business	<b>CSR:</b> "A commitment to improve community well-being through discretionary business practices and contributions of corporate resources"  "CSR encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm."

**III. OBJECTIVES OF THE STUDY**

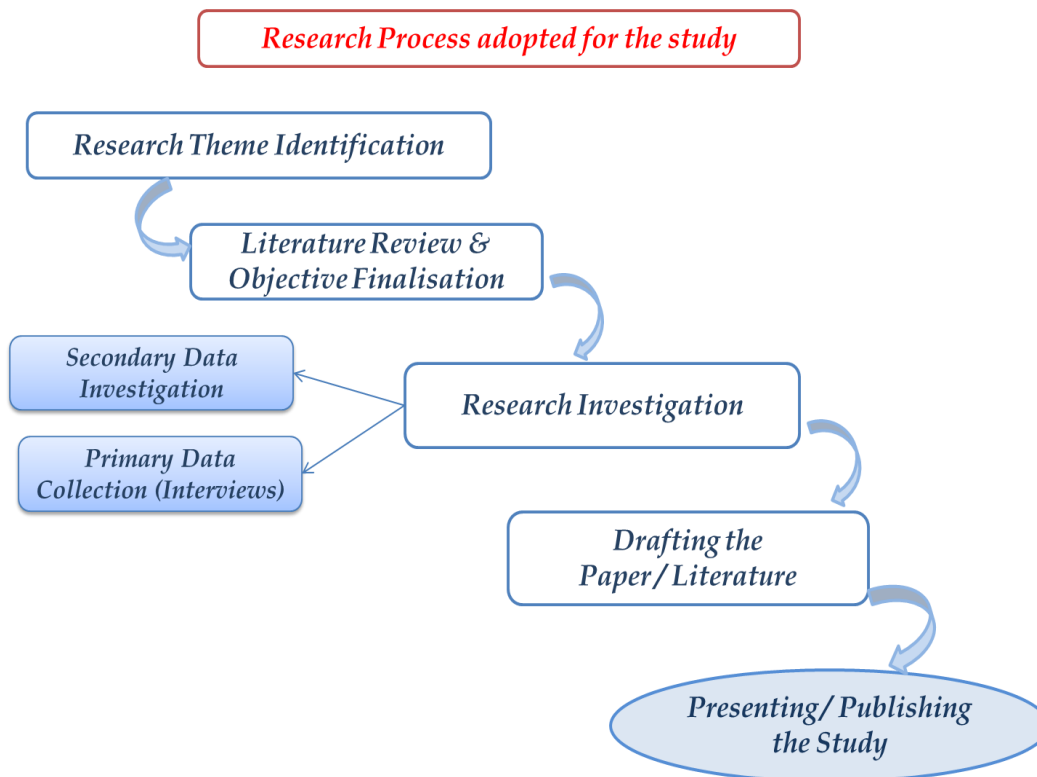
The Researchers have considered the following objectives for the study:

- ▶ To understand the significance of Business Ethics and CSR for Organizations.
- ▶ To review the existing literature pertaining to the Business Ethics and CSR.
- ▶ To study the Business ethics and CSR perspectives with special reference to manufacturing sector.

#### IV. RESEARCH METHODOLOGY

A Study on Significance of Business Ethics and CSR with special reference to Manufacturing Sector is an Exploratory & Descriptive study conducted with the help of massively secondary data and Primary Data in the form of Interview Method. The Authors have Interviewed 5 Industry representatives to collect the view points on the theme of the study. The Study aims to understand the significance of Business Ethics and CSR for Organizations. It further aims to review the existing literature pertaining to the Business Ethics and CSR. The Authors also aim to study the Business ethics and CSR perspectives with special reference to manufacturing sector. The scope of the study comprises of the thoughtful review of the Business Ethics and CSR. Also the study has the potential to be a literature for further studies in this regard. The Authors have considered the Business Ethics and CSR as a generalized study with specifics related to the selected Company representative Interviews. The Theme of the study may have various other elements associated. Hence this may be a limitation of the study as the inferences are indicative in nature rather exhaustive.

#### V. RESEARCH PROCESS



**Chart.1:** Research Process adopted for the study  
 Source: Authors’ Study

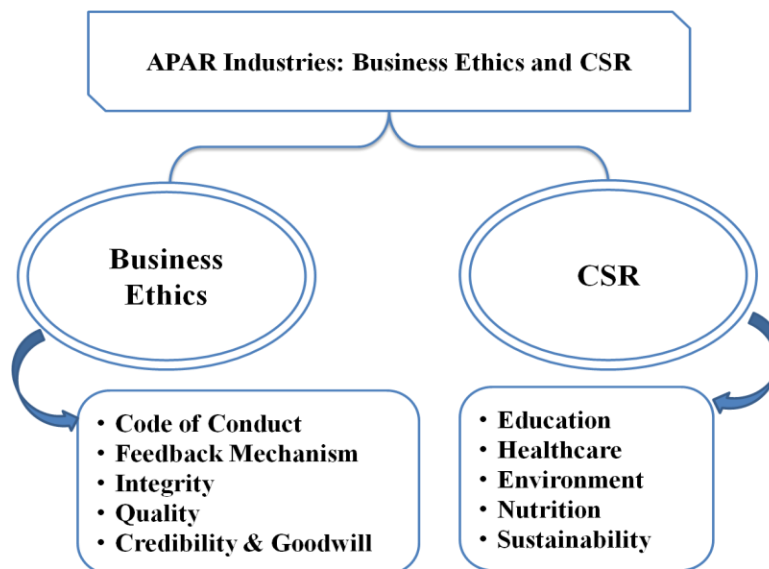
#### Case 1: Interview of Shri. Sujendra Roy, GM HR & Admin, Apar Ind. Ltd., Silvassa

**“A business should not flourish at the cost of Environment & Humanity.”**  
 - Sujendra Roy

“Business Ethics & CSR is a significant aspect for the Organisation”, says Shri. Sujendra Roy, GM HR & Admin, Apar Industries Ltd. Silvassa. As a veteran in the field of HR, he believes that developing CSR activities shall support the sustainable development of the Organisation. Citing the examples of his own company, he stated that Apar is into CSR activities spread across various domain. They are into Education with respect to support to Technical High School and Boys High School at Nadiad, they have set up Dharmsinh Desai University at Nadiad (6000 Students), School for children of slums in Rajkot etc. In the Healthcare they are involved with Dharmsinh Desai Methodist Memorial Heart Hospital (set up in 1996),

Bhaktivedanta Hospital, Mira Road and fully equipped hospitals in Vrindavan, Uttar Pradesh. They have set up Faculty of Medical Science and Research (750 bed) hospital along with Institute of Medical Science with Hostel at Nadiad. Supporting the Nutrition element they support Government effort of providing Mid-day meal for children of villages and schools of rural Maharashtra. In the filed of Environment and Sustainability, they Train farmers to adopt Organic Farming.

Shri. Sujendra further stated that the company has formed a special team of Employees within the Organization who are given the responsibility of carrying out CSR Activities on behalf of the Organization. This particular team search for areas in which CSR Activities and what CSR Activities are to be carried out and accordingly they carry out the activities on behalf of the company in accordance with the norms and conditions of the company. The CSR impact gets measured through the feedback mechanism adopted by the company where by they collection information from the beneficiaries. Shri. Roy added that being into B2B domain they need to prove themselves on account of integrity, quality, credibility, goodwill through various types of Audits like Legal Audit, Corporate Governance Audit etc. in order to gain the trust of the clients & secure the business.



Case 1: Fig 1: Business Ethics and CSR – APAR Industries

The Ethical Practices and Code of Conduct adopted by the company includes Working in National Interest, Financial reporting & records, Market Competition, Equal opportunities to Employees, Ethical conduct in every function, Political non alignment, Health safety & environment, Regulatory Compliances etc. The Organisation has in place the employee Code of conduct to guide the performance and their association with the Organisation. Apar represents the Manufacturing sector and they aren't facing any challenge in implementing their CSR policy. Being an Organisation certain ethical dilemma may arise however in the process of tackling Ethical Dilemma at the Organisation the feedback mechanism & the policy framework comes handy for the authorities. The employees never compromise with the Ethical Standards set by the organization and if such situation arises, by any chance, they take a call to consult their superiors before taking any decision. Shri. Roy concludes that Business Ethics and CSR go hand in hand. He believes that, “an Ethical organization has every potential to carry out the CSR Activities to the best possible extent”.

**Source:** Interview with Shri. Sujendra Roy, GM HR & Admin, Apar Ind. Ltd., Silvassa on 8<sup>th</sup> Feb. 2023

## VI. BUSINESS ETHICS

Business ethics set the standard for how your business is conducted. Business ethics are the standards of behavior for making business determinations identifying what's good or bad and drawing up frameworks that a business must engage in. Since acquiring faith and confidence from its customers is very essential for an organization, business ethics plays a significant role in establishing values for its clients. Ethical principles provide the foundations for various modern concepts for work, business and organizations, which broaden individual and corporate priorities far beyond traditional business aims of profit and shareholder enrichment. Ethical factors are also a significant influence on institutions and public sector organizations, for

whom the traditional priorities of service quality and cost management must now increasingly take account of these same ethical considerations affecting the commercial and corporate world. Any business's core goal is to maximize its profit and value. The more revenue a company makes the longer the life of the business would be, and when a business makes earnings in an unethical manner, the life of the business can be shortened. In order to achieve strong ethical morals, both business organizations and individuals should adhere to solid morals. Business needs to balance the ambitions of increasing profits with needs of society. Many corporations have ended in failure because of their terrible business ethics financial and legal ramifications. Maintaining a healthy balance that often requires compromising profits for society's needs and demand is essential for businesses.

**Case 2: Interview of Shri. Subodha Sarangi, HR Manager, Gulf Oil Lubricants India Ltd., Silvassa**

**“You don't build a business, you build people, then people build the business.”**  
- **Subodha Sarangi**

“A Business is best run when its management takes into consideration ethical operations and observes social responsibility” says Shri. Subodha Sarangi, HR Manager, Gulf Oil Lubricants India Ltd., Silvassa. As experienced personnel from HR field, he believes that business is of the people, for the people, therefore peoples' interest should be given utmost importance. Citing examples of his own company, he stated that Gulf is into CSR activities spread across various domain. They are into Community Development Program (CDP) for Gender equality, Women empowerment, and Senior Citizens care into locations like Mumbai and Kerela. In the healthcare sector, they are into Mobile Medical Unit (MMU) and Safe Drinking Water ATM for preventive healthcare, water sanitation in partnership with Silvassa Civil Hospital. In Education and Skill Development sector, they are into Kushal Mechanic Program (KMP) for Education, Employability and Livelihoods enhancement. They believe in Safety Awareness so they carry out Children Helmet- Road Safety Awareness campaign across various states of India.



Case 1: Fig.: 1- Gulf's CSR Contribution

Shri. Sarangi further stated that the employees voluntarily participate in carrying out CSR Activities. Also, Employees are motivated and promoted to devote time for carrying out CSR Activities. The company monitors the CSR impact by the results and benefits gained by the society from these CSR activities. The CSR Practices at Gulf Oil is very much Result Oriented. Shri. Sarangi added that being into both B2B and B2C domain, customers have expectations over the quality of the goods supplied and CSR activities to be carried out for them as well and expect the products to be environment friendly as well as should meet the global safety standards.

The Ethical principles of the company include Work to Give, Work is a Bond, Act Local Think Global, Partnership for Growth, Advance Fearlessly. Code of Conduct followed by the company includes Strict Adherence to norms, Whistle Blowing Policy, Act in Good Faith, Integrity, Confidentiality etc. Gulf Oil represents the Manufacturing sector and they aren't facing any challenge in implementing their CSR policy. Being an organization certain ethical dilemma may arise however in the process of tackling Ethical Dilemma at the organization the policy framework comes handy for the authorities. The employees never compromise with the Ethical Standards set by the organization and if such situation arises, by any chance,

Employees refer to the scope of their permissible acting capacity and act accordingly. Shri. Sarangi concludes that Business Ethics and CSR go hand in hand. He believes that, “Businesses cannot be Successful when the Society around them fails”.

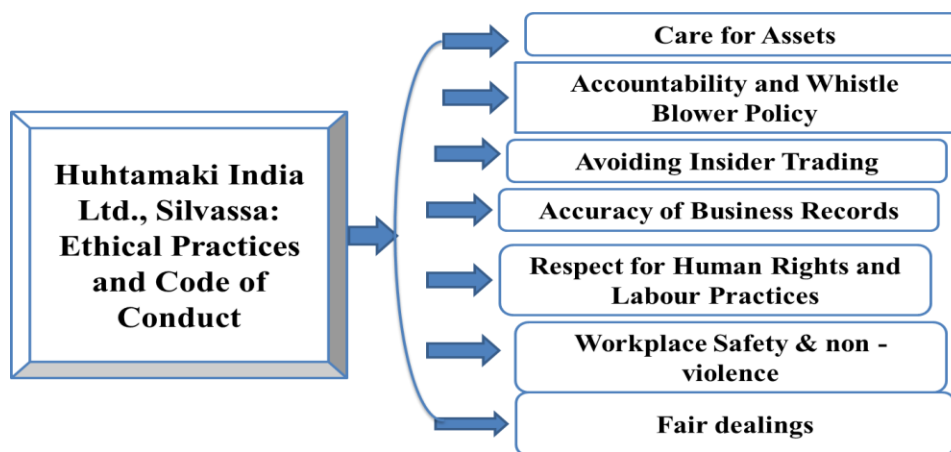
**Source:** Interview with Shri. Subodha Sarangi, HR Manager, Gulf Oil Lubricants India Ltd., Silvassa on 24<sup>th</sup> Feb. 2023

### Case 3: Interview of Shri. Vashishtha Dave, HR Manager, Huhtamaki India Ltd., Silvassa

**“Without a sense of caring, there can be no sense of community.”**  
- **Vashishtha Dave**

“Business Ethics and CSR is a determining factor in a company’s business” success says Shri. Vashishtha Dave, HR Manager, Huhtamaki India Ltd. Silvassa.” Having more than 10 years of experience in the field of HR, he believes that Ethical principles act as self-responsibility and CSR as betterment of community. Citing the examples of his own company, he stated that Huhtamaki is into CSR activities spread across various domain. Huhtamaki donated € 600,000 for cleaning and reviving the dying Mithi River in Mumbai. It also promotes the use of renewable energy by installing Rooftop Solar Panels at Guwahati, Daman & Silvassa units.

Shri. Vashishtha further stated that the company has formed a CSR Committee of Employees within the Organization who are given the responsibility of carrying out CSR Activities on behalf of the Organization. This particular team search for areas in which CSR Activities and what CSR Activities are to be carried out and accordingly they carry out the activities on behalf of the company in accordance with the norms and conditions of the company. The CSR impact gets measured through the feedback mechanism in the form of Documentary evidence and Letters of Appreciation from Local authorities and bureaucrats. Shri. Vashishtha added that being into B2B domain they need to prove themselves on account of integrity, quality, credibility, goodwill through various types of Audits like Legal Audit, Corporate Governance Audit etc. in order to gain the trust of the clients & secure the business.



**Case 3: Fig 1: Ethical Practices and Code of Conduct**

The Ethical Practices and Code of Conduct adopted by the company includes Care of Huhtamaki’s Assets, Accountability and Whistle Blower Policy, Avoiding Insider Trading, maintaining accuracy of Business Records, Respect for Human Rights and Labour Practices, Workplace Safety & non-violence, Fair dealings etc. Huhtamaki represents the Manufacturing sector and they aren’t facing any challenge in implementing their CSR policy. Ethical Dilemma arises while carrying out tasks and decision making, however it is tackled by acting in best interest for the organization and referring to the policies. The employees never compromise with the Ethical Standards set by the organization and if such situation arises, by any chance, superiors are consulted and issues are being discussed before taking any decision. Shri. Vashishtha concludes that Business Ethics and CSR go hand in hand. He believes in the value statement of the organization i.e., “CARE, DARE & DELIVER”.

**Source:** Interview with Shri. Vashishtha Dave, HR Manager, Huhtamaki India Ltd., Silvassa on 8<sup>th</sup> April. 2023



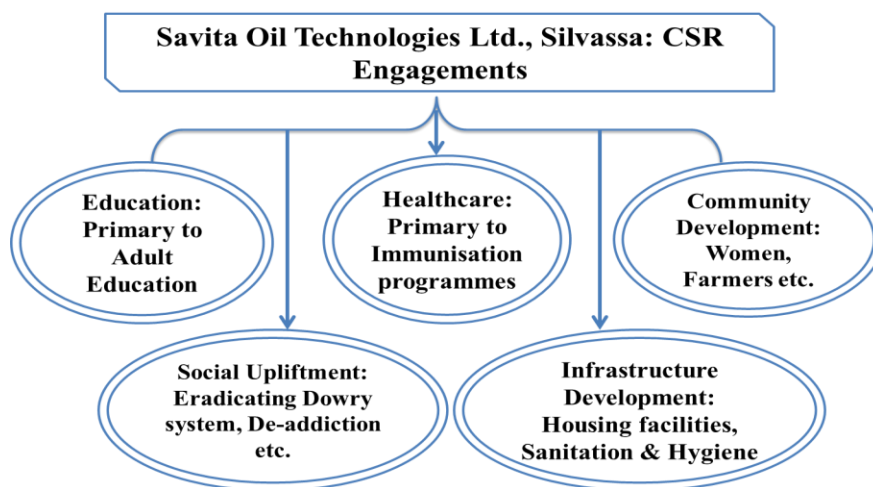
## VII. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. CSR can play a role in building customer loyalty based on distinctive ethical values. Business service organizations can benefit too from building a reputation for integrity and best practice. So, businesses should be more responsible for their environment. CSR acknowledges that companies have an impact on the society, environment and economy through their operations, products, and services as well as through interactions with key stakeholders. It involves efforts to manage this impact in order to add value to the company and to improve social, environmental and economic well-being of the present and future. Hence, companies need to be proactive in their CSR initiatives in order to remain competitive in the industry. It is difficult to concede if CSR is purely driven by the intentions of corporate members to exert ethical conduct or is it a distraction and/or opportunity to over shadow or distract society and consumer perception based on the moral standing of an organization.

### Case 4: Interview of Shri. Prakash Kulkarni, DGM-HR Manager, Savita Oil Technologies Ltd., Silvassa

**“Ethical Behaviour is doing the right thing when no one else is watching, even when doing the wrong thing is legal.”**  
- **Prakash Kulkarni**

Companies that adhere to ethical standards and take responsibility for their impact on society are more likely to achieve long -term success says Shri. Prakash Kulkarni, DGM-HR Manager, Savita Oil Technologies Ltd., Silvassa. Having more than 30 years of experience in the field of HR, he believes that following Business Ethics is responsibility of every employee of an organization and organizations have responsibility towards society because business gets inputs from society and gives its output to society. Citing the examples of his own company, he stated that Savita Oil is into CSR activities spread across various domain. In Education Sector, they have contribution of Formal Schools, Balwadis for elementary education, Quality Primary education, Bal Vidya Mandirs and Adult Education Programmes. They render quality healthcare facilities to people living in villages through Primary Healthcare Centres, Mother and Child care projects, Immunization programmes with a thrust on polio eradication, healthcare for visually impaired and physically challenged. For Sustainable Livelihood, the company carry out programmes like Vocational Training, groups for women empowerment, Watershed development, Farmer focus programmes etc. Savita Oils also focuses on Infrastructure Development by providing Housing facilities, Sanitation & Hygiene, Safe drinking water etc. They also support social change by advocating Dowry less marriage, widow marriage, De-addiction campaigns and espousing basic moral values.



Case 4: Fig 1: CSR Engagements at Savita Oil, Silvassa

Shri. Prakash further stated that the company has framed special CSR Committee in the year 2014-15 to look after the CSR compliances under the Companies Act, 2013 for the company. Company's senior level employees interact with NGO's operating in the relevant areas and identify suitable projects and present the proposals to the CSR Committee, in this way the CSR activities are undertaken by the company. Also, employees are voluntarily asked to participate in carrying out CSR activities. The company measures its CSR impact by enquiring for Funds Utilization Certificate to check the proper utilization of funds by the NGO's. Also, Project reports are asked for measuring the actual impact on beneficiaries from the NGO's. Shri Prakash said that their company being into B2B domain focuses on providing sustainable products to consumers and their R&D department continuously works in this direction. Savita Oil invests in Green Energy Production which is Asia's only petroleum speciality company which is carbon positive.

The Ethical Practices and Code of Conduct adopted by the company includes proper compliance, concurrent employment by the employees, non-tolerance of Insider Trading, protection of Company's assets and security of company's information, fulfilling contractual obligations, etc. Savita Oil represents the Manufacturing sector and they aren't facing any challenge in implementing their CSR policy. HR department periodically organize training programs for all level of employees to address the issues of handling Ethical Dilemma. The employees never compromise with the Ethical Standards set by the organization as all the employees are made aware of company's Vision, Core Values and are encouraged to perform in a responsible manner. Shri. Prakash states that CSR is to give something back to society wherever it operates and in order to be socially responsible, Companies must follow their business ethics, so both concepts are essential in all organization's activities and operations.

**Source:** Interview with Shri. Prakash Kulkarni, DGM-HR Manager, Savita Oil Technologies Ltd., Silvassa on 8<sup>th</sup> April. 2023

## **VIII. RELATIONSHIP BETWEEN BUSINESS ETHICS & CSR**

Business ethics and Corporate Social Responsibility (CSR) are interrelated concepts that govern how companies should operate in the modern business environment. Business ethics refers to the moral principles and values that guide the behaviour of individuals and organizations in their commercial activities. It encompasses issues such as honesty, fairness, integrity, respect, and transparency. The objective of business ethics is to ensure that organizations conduct their business in an ethical and responsible manner that complies with legal and regulatory requirements, as well as social and environmental norms. Corporate Social Responsibility (CSR) refers to a company's voluntary actions to improve its impact on society and the environment. It goes beyond the legal and regulatory requirements of business ethics to include the company's responsibility towards its stakeholders, including customers, employees, shareholders, communities, and the environment. CSR involves taking into account the social and environmental impacts of a company's operations and making a positive contribution to society beyond its financial performance. The relationship between business ethics and CSR is that business ethics provides the foundation for CSR. A company that adheres to ethical principles is more likely to engage in socially responsible practices because it understands its responsibility towards its stakeholders and the broader society. For instance, a company that prioritizes honesty and transparency in its dealings with customers is more likely to engage in fair trade practices and avoid exploiting vulnerable workers in its supply chain. Similarly, a company that values environmental sustainability and ethical sourcing practices is more likely to engage in CSR initiatives that promote environmental protection, such as reducing carbon emissions, recycling, and using renewable energy sources. Such a company would also be more likely to engage in responsible sourcing practices that ensure that its suppliers uphold ethical and labour standards. In summary, business ethics and CSR are closely related concepts that complement each other. A company that prioritizes ethical principles is more likely to engage in socially responsible practices that benefit its stakeholders and the broader society. By adhering to ethical principles, companies can demonstrate their commitment to responsible behaviour and build trust with their stakeholders.

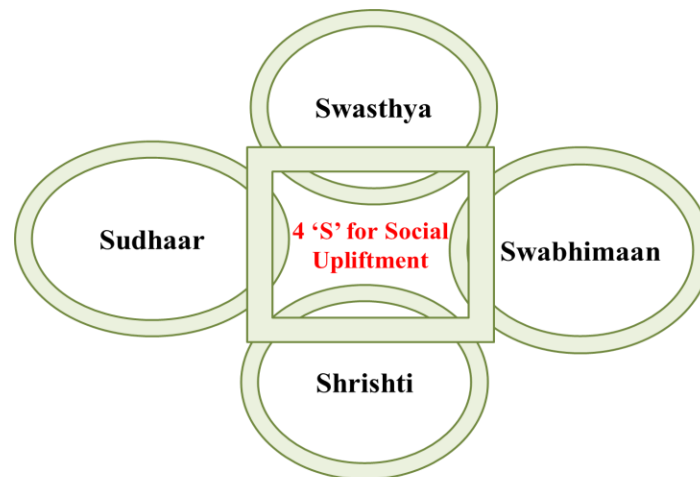
### **Case 5: Interview of Shri. Durgesh Ojha, HR Manager, AYM Syntex Ltd., Silvassa**

**“Doing the right thing doesn't automatically bring success, but compromising ethics almost always lead to failure.”**

**- Durgesh Ojha**

Business is one of the most powerful institutions on Earth for creating wealth & opportunity and helping to uplift people out of poverty. When you think about it that way, then the business is not separate from development policy says Shri. Durgesh Ojha, HR Manager, AYM Syntex Ltd., Silvassa. Having more than 15 years of experience in HR facility, he says following ethics at workplace shows a strong value system of the organisation which makes it a successful business in the eyes of society which is in fact a kind of non-monetary Corporate Social Responsibility (CSR). Talking about his own company he said, AYM Syntex carries out CSR activities by '4 'S' for social upliftment' model designed by the committee. The CSR

vision of the company is ‘Uplift the underprivileged from vicious cycle of poverty’. The 4 S are **SWASTHYA**- Initiatives on safe drinking water ( filtered drinking water tanks set up at various locations in Silvassa ) and medical vans in Palghar district of Maharashtra, **SWABHIMAAN**- Initiatives on education to uplift the underprivileged from vicious cycle of poverty ( providing funds to primary schools and setting up Nandghar and Balwaadis at various location in rural parts of Dadra and Nagar Haveli, **SUDHAAR**- Initiatives to support rural development by providing connectivity and other necessary services, **SHRISHTI**- Initiatives on environmental restoration by tree plantation and cleaning the nearby surroundings.



Case 5: Fig 1: 4 'S' for Social Upliftment

Shri. Durgesh further states that the company has formed CSR Board Committee and CSR Implementation Team for carrying out CSR activities for the company under the Companies Act, 2013. The team identifies areas which require help and this information is communicated to the CSR Board Committee who sanctions the proposals to carry out the activities. He said that the employees of the company are not allowed to take part in any kind of CSR activities instead the CSR Implementation Team outsources the task to third party by providing adequate funds. The company measures its CSR impact by enquiring for Funds Utilization Certificate to check the proper utilization of funds from the third parties. Also, Project reports are asked for measuring the actual impact on beneficiaries. Shri. Durgesh said that their company being into B2B Domain focuses on providing best quality products to its customers and it takes continuous efforts to meet the standards of the Industry in order to be the best provider of finished products to its Customers. Customers expect that the company should not compromise with the ethics and harm the environment while providing quality products to them.

The Ethical Practices and Code of Conduct adopted by the company includes Whistle Blower Policy, Gender Equality, Non-resilient to misconduct or sabotage to company, Strict adherence to rules and regulations, employee appreciation for efficient and speedy working, Disclosure of grievances and important matters to respective authorities etc. AYM Syntex represents the Manufacturing sector and they aren't facing any challenge in implementing their CSR policy. Employees are trained to tackle ethical dilemma and act for the betterment of the company. Company's values are communicated to the employees' time to time as well as they are monitored strictly so that any variances don't arise. They are made aware of their scope of responsibilities in the company. He believes that Business Ethics and CSR both go hand in hand. Shri Durgesh said that "A better organisation is the one who has talented, capable and valiant HR manager because HR is the one who deals with humans & humans are the ones who are expected to behave ethical and have a sense of fulfilling social responsibility."

**Source:** Interview with Shri. Durgesh Ojha, HR Manager, AYM Syntex Ltd., Silvassa on 26 April. 2023

## IX. CONCLUSION

Business Ethics and CSR certainly is the essential element for Businesses. The Authors have interviewed 5 Company representatives and altogether the learning has been demonstrated in respective exhibits. The Study concludes that Companies are not finding it difficult to carry out CSR activities though they face challenges. The Companies feel that Business Ethics and CSR go hand in hand. Business Ethics helps every business to sustain in long-run by building trust in employees, suppliers and customers. Healthcare and Education are most preferred sectors by the companies to carry out CSR activities. The companies do face Ethical Dilemma and same is tackled by keeping in mind the companies Value Systems. Strict code of conduct is adhered to in the company by the employees as well as management. The study further concludes that the relationship between

business ethics and CSR is that business ethics provides the foundation for CSR. A company that adheres to ethical principles is more likely to engage in socially responsible practices because it understands its responsibility towards its stakeholders and the broader society. Ethics and CSR has a strong impact on Stakeholders.

## FUTURE SCOPE OF THE STUDY

The current study is focusing on generating literature for future studies and the Primary data in the form of Interviews is helping to create a perspective towards Business Ethics and CSR. The future scope of such studies could be in the form of massive Primary data collection through surveys with Industries. Also Industry wise or sector wise study on the theme of Business Ethics and CSR may further have implications. Business Ethics and CSR is studied together in this paper, the same can further be explored individually.

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**The Interview Moment with Industry Representative:**

