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Indian Ethos for Ethical Accounting, Self Governance & Corporate Social Responsibilities by Indian Companies

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Abstract: Each country has its own Ethics, values and character based on different factors like social, political and economic and other environment in which they operates. From that environment an individual and companies learned the national ethos, which describes a code of conduct for its citizens and business houses and creates the framework for business ethics and values in society. The concept of Ethical accounting of business ethics relates directly to clearness, accountability & Corporate Responsibility. The important ethical issues finds in accounting are false income data, fraud documents, misrepresentation of facts, fraud income taxes documents and etc. Indian Ethos is all about nationwide ethos and Self-governance is a concept that refers to several scales of organization and Corporate Social Responsibility (CSR) emerged from the sagacity of responsibility and can be defined as the ethical behavior of a company towards society. CSR is a concept which suggests that business corporation must fulfill their duty of providing care to the society as well as an individual. Ethical accounting and CSR are important points in making decisions in all aspects of our life as well as business. This paper consist that how Indian companies are guided by certain rules of conduct in the form of ethical and moral standards and how Indian Ethos is a great source of inspiration for Indian business houses to realize their Ethical accounting and social responsibilities. The need of the hour is the requirement of ethical accounting regulations and in this research paper tried to relate the Indian ethos for self governance and Corporate Social Responsibilities by Indian Companies.

Keywords: Ethical accounting, Corporate Social Responsibility (CSR) , self governance.

I. Introduction

Ethical accounting concept of business ethics relates directly to clearness, liability & Corporate Responsibility. The major ethical issues occur in accounting and finance are reporting fake income, fraud documents, questionable deductions, mislead income taxes documents, engaging in frauds etc. Indian Ethos is all about what can be termed as “nationwide ethos”. Indian culture has as its basis, the culture base of India and as a country whose culture has its roots in religion. Indian ethos for management means the application of principles of management as discovered in our antique wisdom brought forth in our sacred books like our Gita, Upanishads, Bible and Kuran. Indians mostly depend on internal controls, genetic farming and family culture to share ethics values. There is nothing wrong in materialism if it is Secondary to honestly, love, equality, justice, and compassion. Indian ethos is drawn from the Vedas, the Ramayana, Mahabharata, the Bhagavad Gita and Upanishads. Vedas and Vedic knowledge always consider human being as the manifestation and manipulation of the divinity. Indian Ethos is more vital to modern management than any other management theory for the simple reason that it takes into account a ‘whole’ man rather than approaching man in a partial fashion as the other theories do. If it comes first it can lead to utilization, misery and loss of peace. There are 6 basic principles, which come to light in the holy books applicable in today’s management world. They are:

1. Each soul is a potential God
2. Holistic approach
3. Equal importance to Subjectivity/Objectivity
4. Karma yoga
5. Yogah Karmasu Kaushalam
6. Co-operation

In the 21st century, the demand for more ethical business processes and actions is increasing. The concept of Corporate Social Responsibility (CSR), Ethical accounting and Self governance is gaining importance nowadays. It calls upon businesses to follow ethical practices while dealing with its stakeholders, customers, employees, suppliers, creditors and society but unfortunately all the companies are not equally committed towards their social responsibility ethical accounting and self governance. We repeatedly hear about various

scams taking place in the business world. These concepts emerged from the sense of responsibility and can be defined as the ethical behavior of a company towards society. It is a concept which suggests that commercial corporation must fulfill their duty of providing care to the society. The corporate that do not follow ethical norms are facing failures.

II. Objectives of the Research Work

- Study Indian ethos relevance and utility for ethical accounting and self governance.
- Study the concept of Indian Ethos and utility of Corporate Social Responsibility.
- Study ethics in Corporate Social Responsibility and different aspects of CSR, Ethical accounting and Self governance.
- An overview of the CSR, ethical accounting and self governance activities scurry by major Indian companies.
- Study impact of the CSR, ethical accounting and self governance activities of major Indian companies in various areas.

III. Research Methodology

The research paper is primarily based on secondary data. Survey method (descriptive) is used for data collection and data is collected from related reference books, related websites mentioned in the references and annual reports of the companies mentioned in the paper and information available in public domain.

IV. Indian Ethos Literature

The following literature extracted from Indian ethos is discussed against the research objective in the discussion section:

Indian Ethos – an inheritance and heritage from its ancient past – envisaged a socialistic pattern of society, with an accent on Redistributionist. The holy book Bhagwad Gita taught to do work without expectation of fruits. According to Hindu way of life, a man should strive to achieve four objectives of life namely as – Dharma, Artha, Kama and Moksha.

Dharma – In the context of human life, Dharma means right way of living or proper conduct. In traditional Hindu society with its caste structure Dharma constituted the religious and moral doctrine of the rights and duties of each individual.

Artha – Artha means capital. Hinduism recognizes the importance of wealth for the overall happiness and well being of an individual. According to Artha an individual should earn wealth to fulfill needs and expectations of his own and his family, but they should earn income in an ethical way. India has great heritage of many saints and emperors who served for poor and needy peoples of the society.

V. Ethics and Corporate Social Responsibility (CSR)

Ethics means ‘the discipline dealing with that which is good and bad with moral duty and obligation and Business Ethics means the behavior of a businessman while conducting business by observing morality in his business activities in society. Ethics and social responsibility are important concerns in making decisions in all aspects of our life. Ethics and social responsibility affect business as does the economy, government and legal forces. Although the primary motive of business is to generate maximum profit, public interest should also be kept in mind, after all business derives profit from the society itself and its actions directly or indirectly cause harm to environment or ecological system, it will no longer accepted by the society.

The concept of CSR is expressed as the voluntary assumption of responsibilities that go beyond the economic and legal responsibilities of business firms. Dr. Manmohan Singh, PM of India states CSR as ‘an investment in our collective future’.

VI. Corporate Social Responsibilities aspects

1. Economic Responsibilities: An enterprise must be economically liable to continue to exist.
2. Legal Responsibilities: The enterprise has to meet its legal responsibilities.
3. Ethical Responsibilities: Are additional behavior and activities that are not necessarily codified into law but nevertheless are expected from business by society.
4. Discriminatory Responsibilities: Are not legally required or even demanded by ethics. Corporation accepts them in order to meet society’s expectations.

VII. Corporate Social Responsibilities in India

The CSR has been on the agenda in India for a considerable period. Most big Indian Corporations are engaged in some CSR activities. As is the case in many countries, the private sector is generally more active in this area than government. Several major CSR initiatives have been launched in India since the mid 1990's. Indian companies are guided by certain rules of conduct in the form of ethical and moral standards.

The CSR is not new to India; companies like Tata and Birla have been imbibing the case for social good in their operations for decades long before CSR become a popular cause. The CSR has become increasingly prominent in the Indian Corporate scenario because organizations have realized that besides growing their business, it is also vital to build trustworthy and sustainable relationships with the community at large. This is one of the key drivers of CSR programme. Many Indian organizations have been doing their part for the society through donations and are approached in a more organized fashion it has become an integral part of the corporate strategy. Many companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. The CSR programs could range from overall development of community to supporting specific causes like education, environment protection, healthcare, rural development etc. e.g. Organizations like Bharat Petroleum Corporation Ltd., Maruti Suzuki India Ltd., and Hindustan Unilever Ltd., has adopted villages where they focus on holistic development. They provided better medical and sanitation facilities, build schools and houses and help the villagers to become self reliant by teaching them vocational and business skills. The CSR has come a long way in India 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.

VIII. Ethical Accounting & Self Governance

Is the term “ethical accounting”, an oxymoron? Many people believe it is. As an ethicist who works with an accounting consulting firm, I can tell you “ethical accounting” is not an oxymoron; it is possible – and desirable.

What is Ethical Accounting?

Ethical accounting is when the accounting firm makes a commitment to ethics. One of the ways to easily determine whether an accounting firm has this commitment is whether they have an ethicist on staff. An ethicist can help a business clarify their ethical standards. An ethical accountant wishes their clients to be ethical, stressing this aspect in their advertising, in the contract or Memorandum of Understanding, and all other procedures.

Self Governance and Decision-making:-

it should be based on moral judgments and standards., Management system should be in tune with Indian ethos to improve productivity Vedic principles has laid down many quotes as discussed next:-

Samasthaa: sukhino bhavanthu: let everyone become happy and prosperous; Sarvey bhavanthu sukhina: let all become happy; Sarve santhu niraamaya: let all become healthy; Sarve bhadrani pasyanthu: let all be seen in glory; Maa kaschith dukhabhaag bhaveth: let not anyone face sorrow.

Bhadram karnebhi srunuyaama deva: let us (the managers) listen to the glorious messages through our ears (for improvement). ; Bhadram pasyema akshabhir yajathraa: let us (managers) see the glorious positives through our eyes (for implementing in their work). ; Sthirairangai: thushtuvaamsa sthanubhir vyasema deva hitam yadaayu: Let us all (enjoy) do good and divine work with this body composed of healthy organs, as long as we live.

Dharmic vision of manager: As per Viduropadasha, Manager should use his wisdom for dharmic mission and also for prosperity in a dharmic way he should use the moral strength for protecting dharmic values; devotion towards work should be used for earning money and controlling luxurious expectations and the spiritual knowledge should be used for detachment.

IX. Responsibility of bad deeds:

As per Nityaneeti –the active person, the promoter, the instigator and the approver, all the four shares the responsibility equally in good or bad deeds. Ethical Accounting norms shall provide the power to discipline the accounting professionals, other members, ranging from fines, penalties, punishments and or show disapproval everlastingly.

Enlightened leadership (Bhagavad Gita 3-21): Whatever great persons do is followed by others. Thus, standards of actions are set by the leaders can provide cushion to overcome situational ethics and accountants get space to be ethical in this idea we find the mutuality model. This can be achieved through mutual cooperation rather than through the intensification of conflicts between various segments of a society. Thus, various segments of society should interact on the basis of mutuality and cooperation rather than through conflict. This idea also provides a basis for harmony in organizational contexts.

X. Conclusion

We could find a treasure of Indian ethos relevant to the ethical accounting, self governance and CSR concepts. More research as to exploring the ancient concepts in Sanskrit and linking the same with the current concept terminology is a real corporate challenge. An empirical research as to the application of Indian ethos to current management ethical issues is recommended for further research. Relating these concepts the views, expressed in this write-up are entirely of the author and no claim is made regarding their validity in the context in which this has been written. Indian Ethos is a great source of inspiration for Indian business houses to realize their responsibilities. Many Indian companies are following Indian Ethos and are fulfilling their responsibilities efficiently. The Dharma and Artha Purushartha motivates businessmen to follow ethical practices while conducting business in any environment. The great thoughts of Rashtrapita Mahatma Gandhi are inspiring Indian businessmen to follow ethical principles and to meet their obligations.

XI. Way Forward

There is no doubt that, social obligations will be fulfilled by Indian business houses till the existence of Indian ethos. These activities of major Indian companies has played vital role in development of various areas like education, public health, sport development, rural development, environment protection, infrastructure etc, but still it is not enough to achieve expected economic & social development of the country. Though some of the major Indian companies have contributed a lot towards economic & social development of the country; but unfortunately all the companies are not equally committed towards their social responsibilities.

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