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## Thoughts on Business Ethics and Corporate Social Responsibility from Vedic Literature

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### Abstract

In this paper an attempt has been made to draw attention to the concepts of **Business ethics** and social responsibility as expounded in Hindu epics like the Ramayana, Mahabharata and **Vedic literature** and understand their relevance in the modern context.

A review of literature on **Corporate Social Responsibility** makes it evident that most economists, management experts and businessmen do not endorse Milton Friedman's views on CSR (An organization's only responsibility is to increase its profits and value). Amidst different perspectives on CSR, the thoughts of vedic literature on the subject are very rich and refreshing. The karma theory cautions the corporate that they ought to be accountable for their actions. The theory of **dharm** (**chathur dharm**) counsels that businesses need to exist in harmony at four levels: universal (nature), human, society and individual. The responsibility of business on maintaining and restoring ecological balance supersedes other groups because it is the largest consumer of natural resources and the greatest polluter of the environment. That Business firms should learn to live in harmony with all creation needs no emphasis. In accordance to the human dharm corporate tycoons like Bill Gates who pursued profits in the initial stage of business pursued objectives like charity and welfare with maturity. We also find that many successful business promoters in their mature years identify successors for their business and assume an advisory role. On a similar note the paper also elaborates how the principles expounded in social dharm and swadharm are equally relevant to the Business community. To sum up our Vedic literature calls for a spiritual approach by businesses that requires introspection and inner purification.

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*Keywords:* Business Ethics; Social Responsibility; Relevance

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## 1. Introduction

Companies in modern days are urged to show more responsibility towards society while running their businesses. According to Milton Friedman, “there is one and only one social responsibility of business: to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.”<sup>i</sup>(Milton Friedman, Sept 1970). Notwithstanding, the views of Milton Friedman and his followers, there is a new awakening in business towards corporate responsibility. CSR proponents feel that corporations make huge profits and in that process social costs are incurred and thus they are morally bound to act more responsible towards society. There is a general feeling that in the past the corporate world was fully conscious of their responsibility to the employees, customer and the community. Thereafter, this noble philosophy that underlined business decisions gave way to short term profit maximization. Corporate watchers say corporate giving has ticked up recently, possibly in response to public dissatisfaction with irresponsible behavior of companies. As a consequence of cross-border trade, multinational enterprises and global supply chains, there is an increased awareness on CSR concerns related to human resource management practices, environmental protection, and health and safety, among other things<sup>ii</sup>. (A white paper on CSR, KPMG in India). Yet the reality is that MNCs are resented in many countries. Globalisation as a policy is perceived as anti poor. As a result of the churning that is taking place in the business arena on the issue of social responsibility of business, different CSR thoughts, philosophies and approaches have emerged. In this article an attempt has been made to draw attention to the concepts of Business Ethics and Corporate Social Responsibility as emphasized in Hindu epics like the Ramayana, Mahabharata and Vedic literature and understand their relevance in the modern context.

## 2. Review of Literature

According to Milton Friedman, “Corporate Social Responsibility is a fundamentally subversive doctrine in a free society and there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception and fraud” (Milton Friedman, Sept 1970). Notwithstanding, the views of Milton Friedman and his followers, there is a new awakening in business towards corporate responsibility. Peter Drucker felt that while businesses need to make profits to justify their economic existence, it would be tyrannical on their part to ignore their responsibility towards the society (Peter.F.Drucker, 1993). The leaders of the corporate world too have understood the importance of Business Ethics and CSR in the modern world. As the founder of Infosys, Narayana Moorthy points out: “Investors, customers, employees and vendors have all become discerning and are demanding greater transparency and fairness in all dealings”.

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