

## **CORPORATE SOCIAL RESPONSIBILITY: THE ANCIENT INDIAN PERSPECTIVE**

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### **ABSTRACT**

Corporate Social Responsibility (CSR) encompasses a wide variety of concerns such as ethical values in business, welfare of society, awareness, respect and protection of natural and built environment while it regularly takes appropriate measures to solve the problems that are faced by the society. In the Indian context, the origin of CSR can be traced in the Vedic literature. Vedic philosophy emphasises that those actions that come from the core of heart will provide long lasting results. Vedic philosophy advocates minimum material accumulation, mutual cooperation and maintenance of natural harmony. The Vedas reiterate non-centrality of money in human life, but for corporations, money is the real nerve of business system. Vedic economic philosophy is pure and focuses on prosperity for all. In Vedic philosophy as well as UNDP Sustainable Development Agenda, fairness, protection and economic efficiency have been regarded as the core issues of human development. The operational implications for this paradigm shift, however, has not yet been fully drawn in development programmes. Time has now come to take action and fully integrate the lessons from ancient Indian literature and culture with regards to CSR for practical implication of global development agenda.

**KEYWORDS:** *Corporate Social Responsibility, Sustainable Development, Vedic Philosophy, Culture.*

### **Introduction**

The glimpses of the ancient Indian Economy can be ascertained from the Indus Valley Civilisation and the Gangetic Civilisation developed during the Vedic period. The people of Indus Valley Civilisation traded with Sumer and Sumerian merchants, and referred them as *Meluhha*. They also traded with Mesopotamia and Egypt. They sent merchant ships to the island of Tilmun in the Persian Gulf. In ancient India, the forms of business organisations were different from those of today. Business organisations are guided by moral philosophies of owners. In the age of globalisation, business organisations are the sub-system of economic system and they are an extension of the social and natural environment, which never operate in isolation in the society. Business system can't be separated from its sub-systems, which comprises of both internal and external environment of business. Internal environment of business consisted of internal organisation structure and policies, on the other side, external environment of business consists of consumers, competitors, investors, money lenders, stock market, tax authorities, government and public at large. Business depends upon society for existence, sustenance and encouragement. Being so much dependent on society, business also has a definite responsibility towards different segments of the society. Though wealth creation and maximisation is the main objective of business, but it has to satisfy the interests of all stakeholders in a balanced manner. For so many years, social development goals have been very different from business goals.

### **Objectives**

Objectives of this research paper are:

- To explore business ethics and fundamentals of CSR practices in ancient India.
- To explore CSR lessons from ancient Indian literature.
- To examine relevance of ancient Indian literature towards the challenges to CSR in the age of globalisation.
- To create awareness among corporate managers for applying valuable lessons for efficient and effective management.

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### Methodology

This is a conceptual research paper based upon the review, analysis and interpretation of ancient Indian literature. The methodology used is 'Hermeneutics', a qualitative research methodology, which involves study, understanding and interpretation of ancient or classical text.

### Corporate Social Responsibility (CSR)

In today's business world, Corporate Social Responsibility (CSR) occupies the top position and priority in almost all organisations. CSR is the responsibility that business has towards society. This responsibility lies with not only managers but also with investors, employers and stakeholders. Many corporations opine that CSR is not an obligation, it as an objective. CSR is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. It is a very broad concept that addresses many and various topics such as human rights, corporate governance health and safety, environmental effects, working conditions and contribution to economic development. The purpose of CSR is to drive change towards sustainability. According to World Business Council for Sustainable Development, "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families as well as of the local community and society at large." CSR involves reporting by companies and other organisations of wider economic and social aspects of the organisations performance than profit and financial performance alone. It is seen as reporting to a broader range of interest groups as shareholders and creditors including employees and even society as a whole. It is the responsibility of corporate sector to compensate the society for the adverse impacts caused due to their business activities. CSR is a strategic business management concept, as charity, sponsorship or philanthropy. To achieve CSR objectives, companies require integration of social, environmental, ethical concerns into their business operations and interaction with their stakeholders. Now the concept of CSR has changed. It has moved from philanthropy to strategic business activity and includes so many projects. The Companies Act 2013, schedule VII clearly states the activities, which may be included in CSR:

- Eradicating extreme hunger and poverty;
- Promotion of education;
- Promoting gender equality and empowering women;
- Reducing child mortality and improving maternal health;
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- Ensuring environmental sustainability;
- Employment enhancing vocational skills;
- Social business projects;
- Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Government for socio economic development and relief, and funds for the welfare of the schedule castes, schedule tribes, other backward classes, minorities and women; and
- Such other matters as may be prescribed.

In recent years, there has been a growing recognition that integration of social, economic and environmental dimensions with development plans and strategies is a prerequisite for sustainable development. Sustainable development is rational management of human natural and economic resources that aim to satisfy the essential needs of the humanity in the very long term. It is based upon fairness, protection of environment and economic efficiency. Sustainable development challenges before CSR are:

- Impact of climate change
- Hunger and malnourishment
- Health and safety
- Income inequality
- Rapid urbanisation
- Waste management
- Energy requirements
- Financial system

### **Business Ethics and CSR - Ancient Indian Perspective**

Business history scholars have noted that India has been an important centre of international trade since ancient times (Chakraborty, 1997). Business excellence will be achieved if the business practices are ethical and socially responsible to society. This will result in long-term sustainability of business. The root cause of the success of Indian businessmen was their ethical behaviour and business ethics in practice. The ancient religion enforcement mechanism based on 'Hinduism' highlighted the importance of applying ethical principles to all facets of life (Kanagasabapati, 2007). Hinduism is the oldest living religion and claims to represent man's perennial quest for truth in its ultimate and absolute form (Singh, 1991). Religion and culture can influence ethical behaviour in business. There has been and continues to be a deep interrelationship between religion, business ethics and economic activities in India. As India is becoming a major economic business partner, understanding its unique business ethics infrastructure is gaining importance. Business ethics are the foundation of business culture in India (Ron Berger, 2013). In ancient India, business was conducted while adhering to a high personal value system that created a strong business ethics infrastructure, which led Indian economy to prosper until the beginning of the nineteenth century (Das, 2006). Globalisation has highlighted the strategic importance of ethical behaviour in conducting business worldwide (Berger & Herslein, 2012). Business ethics have become an important requirement for doing business in global market place (Christie) and considered a necessary pillar for business success (Hoff & Pandey, 2005). Successful global businesses in emerging economies tend to draw an indigenous cultural values and practices to develop corporate strategies and management practices (Das, 2006, Sharma, 2009). BRIC countries are emerging as dominant economic powers. Understanding the direction in which business ethics is evolving in the countries, is of great importance for policy makers, academics and business leaders alike (Hoff & Pandey, 2005). China, Russia and Brazil have attracted much attention in recent times with regard to business ethics; there is much less literature concerning business ethics in India (Berg & Holtrugge, 2001). Keeping in view this trend, it is important for Indian firms to understand that they can no longer afford to ignore the issue of business ethics (Kedia, 2006, Berger, 2012). Many business firms and their management boards in India do not consider the phrase 'business ethics' as an integrated part of overall economic growth issue (Biswas, 1998). One of the most important focal points in business ethics research is the awareness of the effect of Eastern traditions on business ethics and how business is conducted globally. Of these Eastern traditions, the one based on Hinduism is one of the most prominent terms of the effect it has on business ethics. But until recent years, this effect has generally been neglected in business research (Marques, 2010). Business management system has to be rooted in the cultural soil of the country, where it is practiced. Many communities and countries in the world are now trying to discover and explore their own system of management, which includes accounting and financial management, corporate governance and also CSR (Sharma, 2001). A careful analysis reveals that many of the recently popularised western management theories and concepts have been in practice in Asian countries, especially in India and also in China for centuries. However these practices were not only in the context of business organisations, but also in the context of state or political governance.

### **CSR Philosophical Context**

In Vedic philosophy, business is viewed as legitimate and integral part of society. It should create wealth through right means of action. Wealth is a tool for the welfare of all (*Sarva Lok Hitam*) and its continuous flow must serve the welfare of society to achieve the common good of society (*Atharva Veda* 3-24-5). Dawkins (2004) emphasised that CSR must be effectively communicated to stakeholders for their appreciation and support. The business benefits arising from the CSR practices will result in credibility for the organisation, reduce the risk profile, improve stake holders' relationship, which eventually will increase efficiency of the firm. Evidently, there are numerous arguments for and against the practices of CSR in modern corporate management. But often these arguments on CSR are limited to the operational aspects of the business and the philosophical context is ignored. CSR practices in Indian philosophy are deep rooted in the concept of *Dharma* or virtue, which is to confirm the truth of things. *Dharma* is the basis of order, whether social or moral. In accordance with *Taittiriya Upanishad*, '*Satyam Vad Dharmam Char*' is the first and most essential virtue for an individual which when translated means to speak the truth and to act as per *Dharma*. This is an ultimate guide to right living and stability of society and humanity (Ramakrishna, 1929, Mukhopadhyaya 1960). Vedic philosophy identifies four objectives of human life i.e. *Dharma* (Virtue), *Artha* (Money), *Kama* (Urges) and *Moksha* (Salvation). In Indian ethics of *Dharma* (virtue) is expressed as a synthesis of intellectual understanding and self realisation which can be achieved by adherence to the eternal *Dharma* and prescribed by clear Vedic literature as practical guidance in daily life. *Dharma*, the

value system protects you, if you follow it. Value system is superior as it drives the right objectives. Wealth creation and accumulation is to serve the objectives. The principal role of wealth is to serve the needs of society (Mahavir, 2001). The Vedas also support the concept of wealth (*Yajurveda* 10-20, 5-19, 34-38). Dharma is the right path to earn great wealth and riches (*Yajurveda*, 7-13). The ancient Indian philosophy stresses equally on *Karma* (cause and effect). The present individual's life (effect) is determined by our antecedent actions (cause). The Karma is the concept of reward or punishment for the choice made through self determination of an individual. The law of Karma emphasises Dharma (virtue) as a key plank for self realisation. All virtues are conducive to spiritual development and are spiritual when performed with the realisation of its relation to the inner spirit. In the *Bhagwad Gita*, it has been said that perfect action leads one to the gateway of liberation (Moksha). Evidently, the Indian philosophy on ethics has set objectives beyond this world and pitches itself on virtues that are different from the western model of CSR (Chakraborty, 2006). Dharma is an essence of business management. Sharma (2005) explained the purpose of wealth generation. He has linked Dharma with the conduct of business. The most important principle he has pointed is the ethical principle of Artha for any kind of Dharma and thus resulted in the application of '*Shubh Labh*' concept in the business. '*Swastik*' symbol, which is sketched by Indian businessmen in their books of accounts and at business places, shows spiritualism towards their attitude and behaviour. It can be said about 3Ps and 4Es model of CSR and corporate governance that 3Ps represent People, Profit and Planet, where as 4Es represent Equity, Earth, Ecology and Ethics. In ancient India (in the fourth century B.C.), during the period of Chandragupta Mourya, several management ideas and practices, including CSR were found, which were based upon Kautilya's *Arthashastra*.

From the ancient Indian perspective, social responsibility (now CSR) obligation is expected from the king to his subjects (*Rig Veda* 1-8). Vedic literature emphasises that the role of king/ state, who accumulate wealth is to take care of the welfare of the subjects (stakeholders). In return, the king will grow as the sun grows and shines at dawn and after its rise. It is further expressed that whatever is given to the society, its returns get multiplied. The wealth which is collected and accumulated by the king/ state, is for expanding on the society (*Aadanam Hi Visargaya*). The *Rig Veda* specifically states that "The cosmic order of entire universe is governed by the physical relationship of man to moral laws and any transgression will be detrimental (cause and effect to cosmic order)." The Vedas essentially form the fundamental basis of human life on earth through the complete knowledge of God, the Soul and relationship to the physical universe. According to Swami Dayanand Saraswati, there are four orders of this relationship:

- Transcendental knowledge (*Jnana*) or knowledge about God/ truth
- Action (*Karma*), right action will lead to self determination and self realisation (both inner and self social order)
- Worship (*Upasana*), which relates to all right measures for the realisation of self and God, and Science (*Vigyan*)

#### CSR Challenges and Lessons from Ancient Indian Literature

In the age of globalisation, whole world is facing many challenges with regard to CSR. In ancient literature there are many lessons, which provide guidance and solution to CSR. Some of them are as follows:

- **Hunger:** *Brahm* (God) is everywhere, in the food, inside the devotee and even the hunger is God. So the devotee is taking the food (God) to the hunger (God). To put it succinctly, we always thank God for his divine grace.  
"Eat to live, not live to eat."

When we do things with this attitude, then we are selfless. If we don't consume more than needed, the environment, planet and everything automatically takes care of itself. If we develop this attitude of being a part of system, and not above it, not something special it would not only help our spiritual progress but the physical 'system' as well. Food for one, whose stomach is full, is waste.<sup>i</sup> There are three jewels on the earth: water, food and adages.<sup>ii</sup>

- **Education:** In ancient India, education was treated as an essence of human life. Those parents were called enemies, who did not provide education to their children.<sup>iii</sup> In the Upanishads, it is said that true/complete knowledge gives discipline/humbleness, from discipline/humbleness comes worthiness/capability, from worthiness one gets wealth, from wealth one does good deeds and from that comes joy/happiness in life. Hence, knowledge was considered as the root cause of happiness.<sup>iv</sup>

- **Women Empowerment:** In Vedic period, women were given respect in the society. Upanishads state that “the divine are extremely happy, where women are respected, where they are not, all actions (projects) are fruitless.”<sup>v</sup> In Vedic period, women took part in the intellectual life of the society. In 300 century B.C., girls were not denied educational opportunities. They were also given training of fine arts like music dancing, painting etc. from early times. In fact they were recognised for feminine accomplishments (Nandal, 2014).
- **Resilient Natural Resources.** In the Rig Veda, it is said that land and nature’s conservation is the responsibility of the King, then only he is a real ‘*Bhupati*’<sup>vi</sup>. The basic purpose behind this philosophy was to leave something behind by increasing natural, social and economic capital, to achieve greater resilience and to secure future generation’s livelihood and restore ecology. In *Ramayana*, there is a good example of the protection of eco-system. For three days, Rama prays to the God of Sea to grant a passage to his army. But the God of Sea does not give attention to Rama’s prayer. Rama then shoots arrows into the bosom of the sea, where upon the God of Sea appears and apologises. Rama accepts his apology and orders to construct a bridge. Thus the objective is met without damaging the eco-system. There are sufficient evidences of resilient infrastructure and natural resources in the *Ram Rajya* period, which was the result of philosophy of respect of nature and coexistence with it.
- **Employment and Social Justice.** In *Shukra Niti*, there is a good description of the principles of personnel management. The role and responsibilities of a King are very well illustrated in Chapter 1 (*shlokas* 314,315) and Chapter 2 (*shlokas* 113-115 and 384-410). Shukra Niti states that public opinion is stronger than a King. Workers satisfied by the payment of wages, noble treatment and pacified by soft words, never desert the king. The King should preserve the virtues of the servants, make appropriate, ordinary and higher rewards, keep them encouraged by smiles, sweet looks and soft words, and thus serve the people. In the *Ram Rajya*, people led a prosperous life. Ever body was healthy, wealthy and wise. People followed their religion/ own duty. There was sustainable growth and development. The following essential elements of sustainable growth and development were taken into consideration:
  - **People:** To ensure healthy lives, knowledge and inclusion of women and children
  - **Planet:** To protect our eco-system for all societies and children
  - **Partnership:** To catalyse solidarity for sustainable development
  - **Justice:** To promote safe and peaceful societies and strong institutions
  - **Prosperity:** To grow a strong inclusive and transformative economy
  - **Dignity:** To end poverty and fight against inequality

## Conclusion

CSR encompasses a wide variety of concerns such as ethical values in business, welfare of society, awareness, respect and protection of natural and built environment while it regularly takes appropriate measures to solve the problems being faced by society. In Indian context, the origin of CSR can be traced from the Vedic Literature. CSR is an integral part of Vedic philosophy. The ancient Indian literature is the source of ethics, reveal some lessons on CSR and provide guidance to global corporate leaders. These provide an inside-out approach to CSR which aims at developing the individual conscience regarding leadership, contrary to the western approach. Vedic philosophy emphasises that those actions which are coming from the core of the heart will provide long lasting results. The Vedas advocate minimum accumulation, mutual cooperation and maintenance of natural harmony. The Vedas reiterate non centrality of money in human life, but for corporations money is the real nerve of business systems. Vedic economic philosophy is pure and focuses on prosperity for all.

सर्वे भवन्तु सुखिनः, सर्वे सन्तु निरामयाः।  
सर्वे भद्राणि प यन्तु मा क वै दुःख भाग भवेत।

### Notes

- i वृथावृष्टिः समुद्रेशु, वृथा वृप्तेषु भोजनम् । वृथादानम् धनाद्वयेषु, वृथा दीपो दिवा अपि च ॥
- ii प्रथित्वां त्रीणि रत्नानि जलमन्नं सुभाषितम् । मूढै पाशाण खण्डेषु रत्न संवा प्रदीपते ॥
- iii माता भ्रातृ पिता बैरी येन बाले न पाठितः । न भोभते सभा मध्ये, हंस मध्ये वक्तो यथा ॥
- iv विद्या ददाति विनयम् विनयाद याति पात्रताम् । पात्रत्वात् धनमाप्नोति धनात् धर्मततः सुखम् ॥
- v यत्र नार्यस्तु पूज्यन्ते रमन्ते तत्र देवता ।
- vi नमानि ते भ्रात कतो वि वाभिर्गीर्भिरीमहे । इन्द्राभिमातिशाहये ॥ १३। ऋग्वेद ;२,३,४ मण्डल) महर्षिदयानंद सरस्वती, प्रकाशकः : सार्वदिक आर्य प्रतिनिधि सभा, पृ. ३८७

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