

Professional Ethics - Test 3

Total points 11/15 ?

Date: November 19, 2020 Maximum Time: 45 Minutes; Maximum Marks: 15

Instructions:

1. Read the case given below carefully. Use your imagination and general awareness to comprehend the case.
2. Use the theoretical details of Business Ethics especially the ethical issue of "Corporate Social Responsibility" along with an ethical theory of your choice to discuss the case.
3. Write your answer in the space given below after the case or else you may attach a file.

Name *

Shreyas Bhat Kera

BITS ID *

2018A7PS1119P



Education ministry plan recommends use of CSR funds to overcome digital divide - Amandeep Shukla, Hindustan Times, New Delhi Updated: Aug 20, 2020, 11:47 IST - The Union education ministry has recommended the use of Corporate Social Responsibility (CSR) funds to address the problem of the digital divide as the Covid-19 has forced the closure of educational institutes and forced them to opt for online classes, officials aware of the matter said. Officials said the suggestion is part of a plan to ensure the pandemic does not adversely affect learning as many students do not have access to smartphones, computers, or the internet to attend online classes. According to a ministry study, around 27% of the students from institutes like Kendriya Vidyalayas and Central Board of School Education-affiliated schools did not have smartphones and laptops to enable them to join virtual classes. Education minister Ramesh Pokhriyal Nishank on Wednesday issued Students' Learning Enhancement Guidelines, which suggests the use of CSR funds for creating mobile libraries as one of the ways to help students overcome the digital divide. "One way of ensuring continuous learning is to ensure that children continue to read and enrich their learning process through reading textual material other than prescribed textbooks. States and Union Territories may consider mobile libraries for remote parts, where the library vehicle visits on designated days and students can borrow library books or return read books on those days. This activity can also be taken up through CSR efforts," the guidelines said. Three-fourths of students in India did not have access to the internet at home, according to a 2017-18 all-India National Statistical Office survey. The share of those who did not have computers, including devices such as palm-tops and tablets, was 89%. Access to these facilities was higher among students at higher levels of education. But even at the highest levels, a large share of students did not have access to these facilities. Access to the internet and computers is directly related to household incomes. The Companies Act requires firms with a net worth of Rs 500 crore or more, or turnover of Rs 1,000 crore or more, or net profit of Rs 5 crore or more in the immediately preceding financial year, to mandatorily spend 2% of average net profit of the preceding three years on CSR. Money earmarked for spending on CSR



preceding three years on CSR. Money earmarked for spending on CSR activities is about Rs 15,000 crore a year. According to an industry estimate, about Rs 50,000 crore has been spent on CSR since 2014-15 and around Rs 30,000 crore remains unspent. A company's board is empowered to plan, decide, execute, and monitor the activities under CSR on the recommendations of a committee. The government has specified broad areas of spending in Schedule VII. Approved activities under CSR include

eradicating extreme hunger, poverty, promotion of education, promoting gender equality and women's empowerment as well as reducing the child mortality, improving maternal health, and combating diseases.

Analysis of the Case Study:

Upon reading the case, it is evident that the situation aligns with the ethical issue of Corporate Social Responsibility, which falls under the theme of Business Ethics. While business involves producing, selling or distributing goods and services, Business Ethics is concerned with understanding how morally just acts can be compatible with the business activities through critical and logical reflection. The situation described here elucidates on the business issue of Corporate Social Responsibility (CSR), which highlights the voluntary assumption of activities beyond the financial and legal prospects of the company, often engaging in socially beneficial undertakings to improve the community.

The matter is of critical importance given the seemingly dire circumstances that the pandemic has put society through. This can clearly be seen, as without the use of electronic devices and/or internet connection, the education of numerous youths throughout the region will grind to a halt, which is undesirable under any circumstance. The effect on the large part of the public (nearly 75 - 90% as mentioned in the case) can be very consequential to their current as well as future studies.

Taking a look once again at all the facts recounted in the case we can see that the Union Education Ministry has suggested that Corporate Social Responsibility funds be used to promulgate continuous learning, by financing a "mobile library" to supply reading materials. Legally, a company satisfying some required criteria will necessarily spend a portion of its earnings on Corporate Social Responsibility, but in such a situation the acts of responsibility towards the community by the companies should play a larger part and be voluntary undertakings. This is because CSR entails a balance between the well being of all stakeholders of the company, and it can be seen from the Stakeholder Model, that the community is also a critical part that interacts with the business firm, just as much as other stakeholders. In other words, it actually becomes an expectation from the company to address the ethical and social issues of their surroundings, as this behavior encompasses the responsibilities of even Legal and economic duties. This can be seen from the viewpoint of business ethics where a sense of integration between the business and society needs to take place.

Now, I will employ the ethical theory proposed by Immanuel Kant, namely Deontological Ethics. Kant's first Categorical Imperative states the following: "Act only according to that maxim by which you can at the same time will that it should become a universal law."

Applying it to this case, we can see that it would turn in favor of promoting CSR for bridging the digital divide. If the board of companies were to switch places with the needy students of the country, they too would will that those companies making huge profits could provide a share of it to them, keeping in mind that without proper education and reading materials,

they never could have made it to the business positions they held now. In fact, people

they never could have made it to the business positions they hold now. In fact, nearly everyone, when put in this dilemma would argue the same, as everyone knows that without a continual basic education, things can become very hard in life. Thus the act of CSR, when examined under this First Principle can be viewed as applicable universally, and can be morally judged as a dutiful act. CSR thus becomes the duty of the company towards the society, not merely for any other motivation such as money, happiness, etc. as the consequence of such acts is inconsequential so long as the duty of CSR is performed for the sake of itself. The Second Categorical Imperative states the following: "Act, so that you treat humanity whether in your own person or in the person of any other, always as an end and never merely as a means." When a company views the people of society, in many unfortunate cases, they view them as simply a means to provide profit to the company. This is directly against the second formulation, as the business must treat each individual member of society as an end and as human beings. Even when talking about business ethics, we understand that profit is nothing but a means to achieve the ends of societal betterment. In this regard, when CSR is employed, it addresses the societal concerns that people have and would lead to a "Kingdom of Ends." Even briefly changing track to the Utilitarian aspect, we can see that tackling the issues of ending poverty, empowering women, combating diseases, and providing materials of education through CSR, would increase the total happiness of the society, and in the long run would benefit the company itself, as it would be seen as a benefactor to society. All in all, the act of CSR aligns with the ethical theory of Kant, and in the situation of COVID-19, should be a morally just act to undertake.

In fact, even looking at the amount that goes unspent (30,000 crore rupees), ethical theory would suggest that this be spent on valuable deeds towards the community, and the major, pressing situation is that of education of youths through mobile platforms. Indeed, this act would benefit the members of the community, as well as the company, and the government, as it gives them a helping hand. The profits of the major companies are not only sufficient, but also necessary in addressing the societal concerns of eradicating extreme hunger, poverty, promotion of education, promoting gender equality and women's empowerment as well as reducing the child mortality, improving maternal health, and combating diseases. Thus I believe the act of using CSR funds for promoting welfare in society is morally justified.

Individual feedback

11.0

You may upload your answer file if you have not typed your answer in the space provided above.



