

DS3000: Entrepreneurship & Management functions

Session 11

<https://sites.google.com/a/iiitdm.ac.in/sudhirvs/courses/entrepreneurship-management>



INDIAN INSTITUTE OF INFORMATION TECHNOLOGY,
DESIGN AND MANUFACTURING,
KANCHEEPURAM

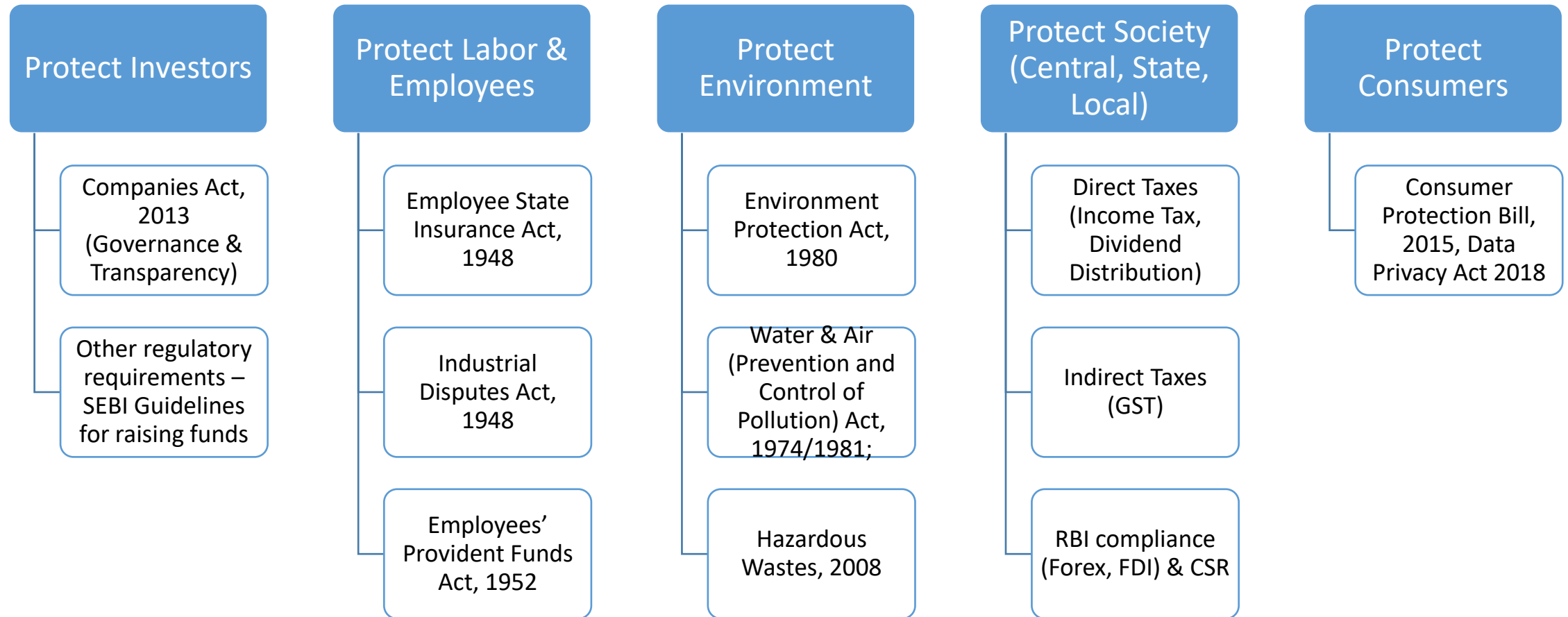
- Dr Sudhir Varadarajan
- Dr Suresh Varadarajan

Contents

Regulatory Environment and Compliance

Business Ethics for Self-governance

Regulatory environment of a business (in India)



Examples of violation of regulatory principles

- Satyam – Internal Fraud (2009), PNB (2018)
- Sahara Group – Investor Fraud (2012)
- Vedanta Resources – Mining bauxite in Niyamgiri hills, Orissa (2013); Sterlite copper mining, TN (2018)
- Nestle Maggi – misleading the consumer (2014)
- 700 Tanneries and Ganga water pollution (2015)
- IT department probing 30,000 cases of alleged tax evasion, Kingfisher (2017)
- Visa, Mastercard, Facebook – Data Privacy (2018)
- Google Anti-trust breaches in India (2023)

Find out the top 10 regulatory challenges for companies in 2023



Items reserved for MSME by Govt of India

- <http://dcmsme.gov.in/publications/reserveditems/itemrese.htm>
- Pls find if your product belongs to these
- Assess other potential compliance issues for your business

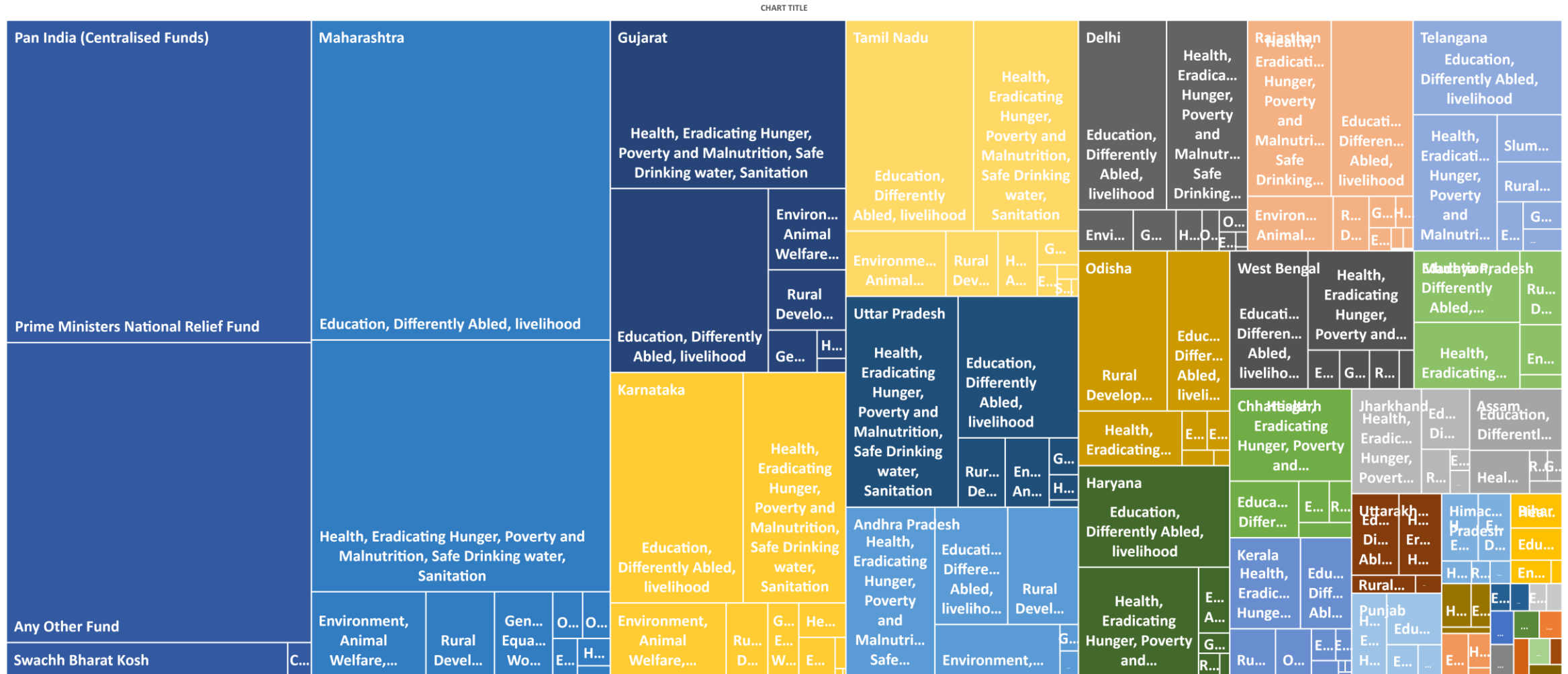
Corporate social responsibility (CSR)

- 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
- The Companies Act, 2013 mandates the constitution of a CSR Committee for companies that exceed
 - Networth of Rs 500 Crore or more
 - Turnover of Rs 1000 Crore or more
 - Net profit of Rs 5 Crore or more

Activities that can be pursued under CSR

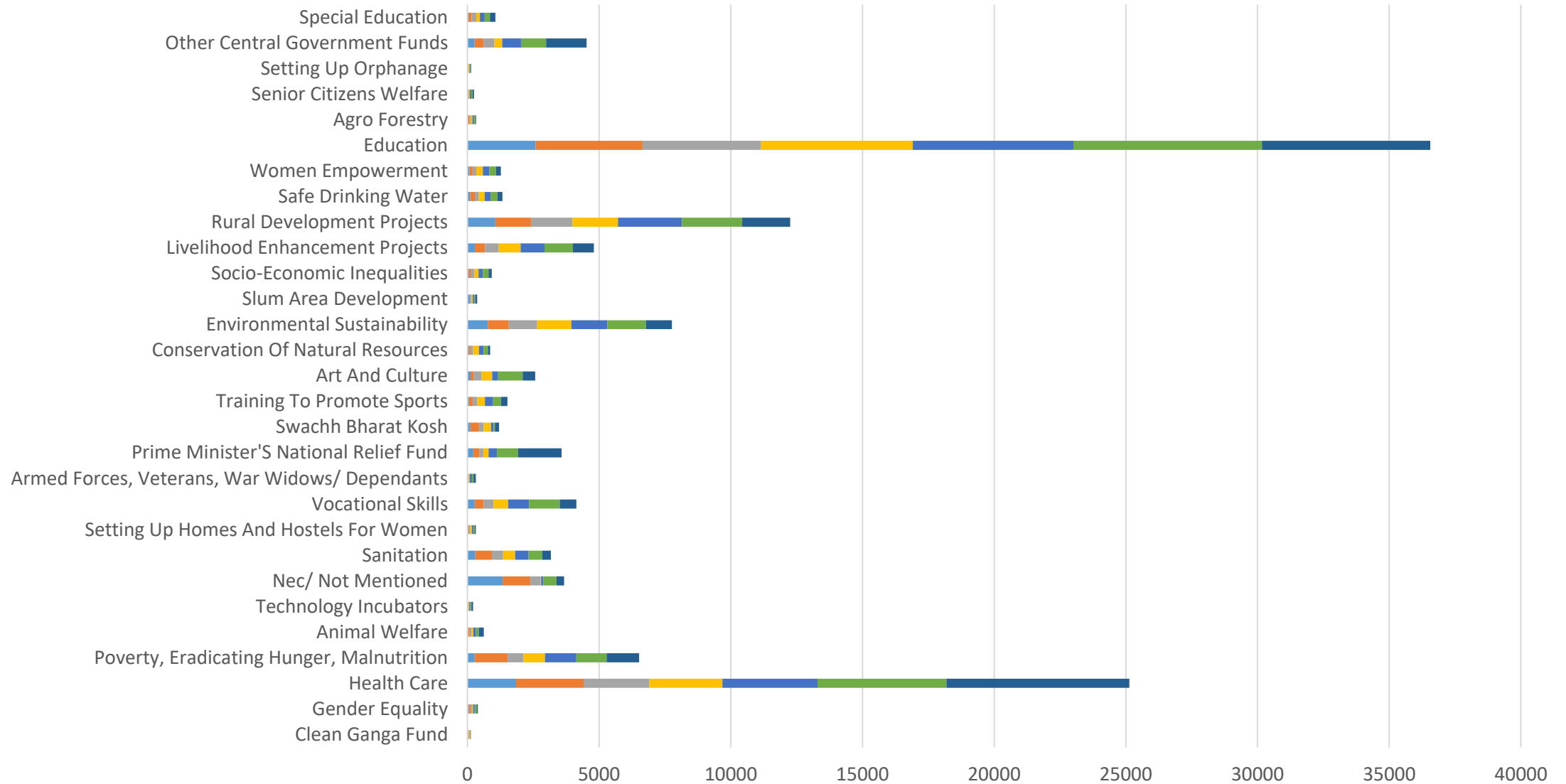
- Eradicating extreme hunger & poverty
- Promotion of education
- Promoting gender equality and empowering women
- Reducing child mortality and improving maternal health
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and others
- Ensuring environment sustainability
- Employment enhancing vocational skills
- Social business projects
- Contributions to Prime Minister Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the SC & ST
- *Non-profit govt incubation centres; research in Govt institutions*

CSR spend across Indian States – approx. Rs 25,000 cr in 2020-21



Source: <https://csr.gov.in/content/csr/global/master/home/ExploreCsrData/dynamic-csr-report-search.html.html>

CSR spend by sector between 2014-21 (Rs. Crores)



Source: <https://csr.gov.in/content/csr/global/master/home/ExploreCsrData/dynamic-csr-report-search.html.html>

Corporate-Startup Partnerships for SDGs

India ranks 121/166 in SDGs.
Improvement in SDGs needs advancement in technologies (dealing with matter, energy, info)

India ranks 40 in Global Innovation Index and 40 in Global Competitiveness Index. However, 'Deep Technology' Startups account for less than 1% of the total startups

Corporate-Startup partnerships create possibilities to tackle SDGs

SUSTAINABLE DEVELOPMENT GOALS



Exercise: Identify if your concept can make a difference to any SDG, and who might be a potential corporate partner



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Compliance versus Business Ethics

- Ethics is a set of moral principles or values that governs the conduct of an individual or a group
- What is lawful conduct is not always ethical conduct
 - The law may permit something that would be ethically wrong
 - The other side: ethically right but not legal?
- Business does not operate in a vacuum
 - Decisions made by business have far-reaching effects on society
 - In the past, many business decisions were made solely on a cost-benefit analysis
 - Such decisions may cause negative externalities for others
 - Corporations are considered to owe some degree of social responsibility for their actions

Typical Ethical Practices

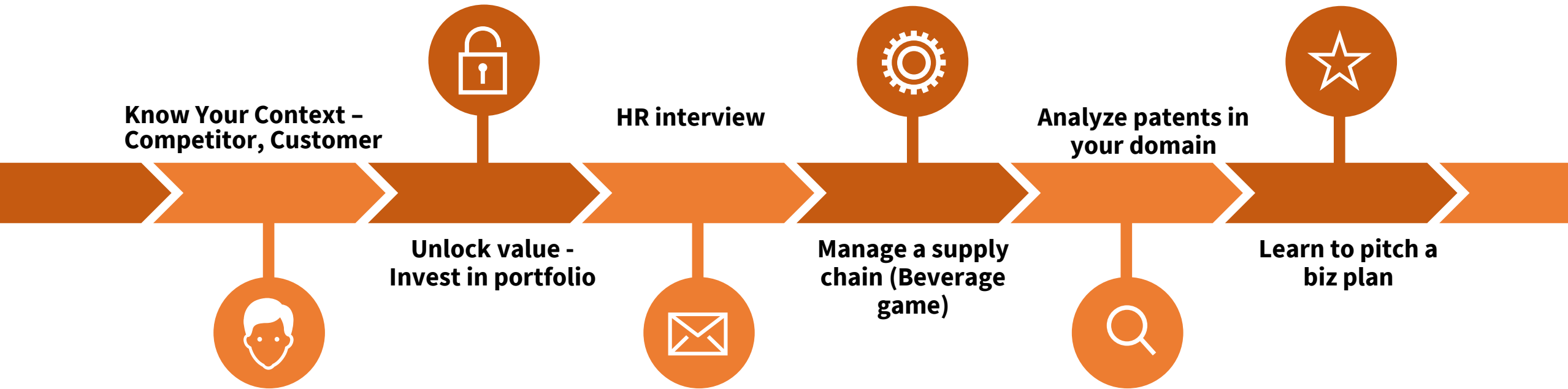
- Corporate values
- Code of ethics (dos and don'ts)
- Governance (Ethics officer)
- Whistle blower Act

Two lines of thinking in business ethics

- The first one suggests that ethical issues have to be resolved through development of appropriate ethical standards at personal or organizational level ... a functionalist view
- The second one emphasizes the process of developing ethical standards rather than the standards themselves ... an interactionist view
- Implications: Businesses taking up the role of human development that was earlier played by family & religion. Shouldn't schools play a role in shaping it? ... why engineering ethics?

Learning by doing in EMF

Reflect & summarize your learning from each of these activities



*You must be
the change you
want to see in
the world*

- Gandhi M K

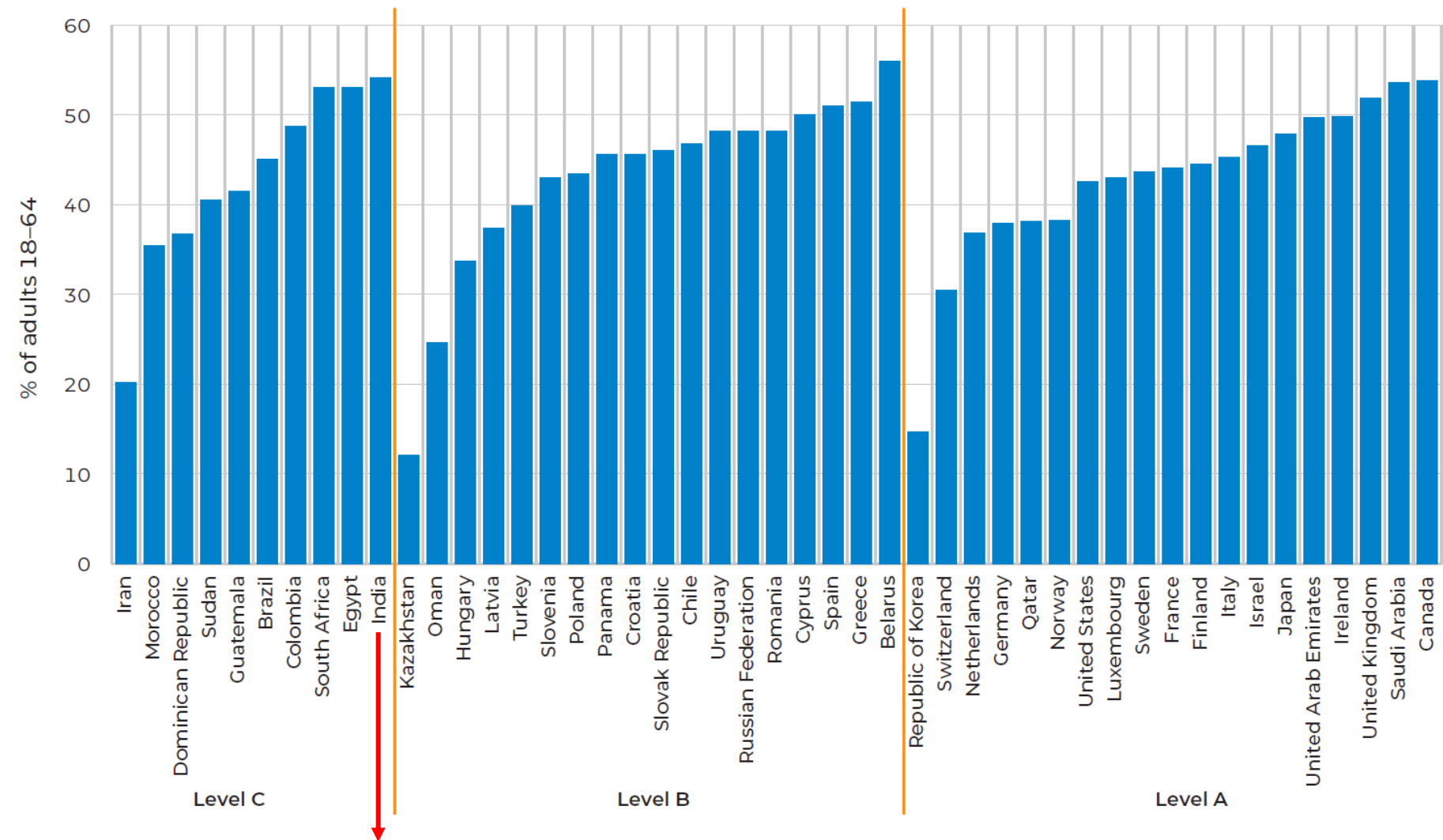


FIGURE 2.5 There are good opportunities, but I would not start a business for fear it might fail (% of those adults seeing good opportunities)
Source: GEM Adult Population Survey 2021