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## Corporate Report Writing In Indian Historical Prospect

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### Abstract

*The strong reliance on historical information, particularly in the Third World countries in recent times underscores the acceptance of history as reality and an outcome of objective research. Yet, the writing of history is beset with a legion of problems. Significantly, these problems to a large extent are domiciled in the nature of history itself. This paper is a critical discourse of the major challenges the historian of today encounters in his task of reconstructing the past. The study examines the nature of history as it relates to the problems of historical research, and concludes that the continued relevance of history and historians can only be guaranteed if the latter consistently and diligently address these challenges through appropriate measures industrial histories; in-house histories of different companies; souvenirs of the various chambers of commerce and industry; histories of the business houses; accounts of the business communities; and biographies and autobiographies of the businessmen.*

### 1.0 Introduction:

Historical Preview and Evolution of Corporate Ethics 'Corporate or Business Ethics' can be used in different ways. Primarily the "term" refers to recent developments and to the period, approximately in early 1970s, when the term 'business ethics' came into common use in the United States. Originally this term is used in academy and research. As the term entered more general usage in the media and public discourse, it often became equated with either

business scandals or more broadly with what can be called "ethics in business." In this broader sense the history of business ethics goes back to the origin of business, again taken in a broad sense, meaning commercial exchanges and later meaning economic systems as well. The third stand corresponds to a third sense of business ethics which refers to a movement within business or the movement to explicitly build ethics into the structures of corporations in the form of ethics codes, ethics officers, ethics committees and ethics training. The term, moreover, has been adopted worldwide, and its meaning in Europe, for instance, is somewhat different from its meaning in the United States.

### Business Ethics as a Movement:

Business ethics as a movement refers to the development of structures internal to the corporation that helps it and its employees act ethically, as opposed to structures that provide incentives to act unethically. The said structures may include clear cut lines of responsibility, a corporate ethics code, an ethics training program, an ombudsman or a corporate ethics officer, a hot or help line, a means of transmitting values within the firm and maintaining a certain corporate culture, and so on. Some companies have always been ethical and have structured themselves and their culture to reinforce ethical behavior. Johnson & Johnson's well-known Credo was written and published by General Robert Wood Johnson in 1943. But most companies in

the 1960s had paid little attention to developing such structures.

### Embedding Business Ethics:

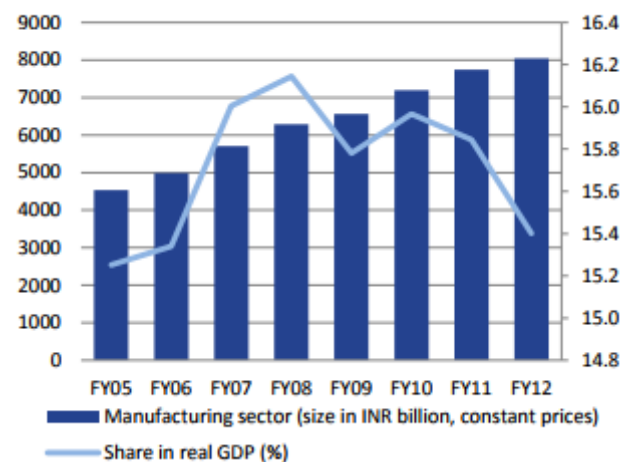
By the 1980s many companies had started responding to calls for ethical structures, and more and more started adopting ethical codes and instituting ethics training for their employees each wave of scandals, which seemed to occur every ten years or so, resulted in more pressure for companies to incorporate ethics into their structures. In 1984 the Union Carbide disaster at its plant in Bhopal, India, which killed thousands of people and injured several hundred thousand, focused world attention on the chemical industry. This led to the chemical industries adopting a voluntary code of ethical conduct known as Responsible Care, which became a model for other industries. In 1986, in response to a series of reported irregularities in defense contracts, a special Commission Report on the situation led to the establishment of the Defense Industry Initiative on Business Ethics and Conduct, signed by thirty-two major defense contractors.

### Role of manufacturing in the Indian economy:

Manufacturing holds a key position in the Indian economy, accounting for nearly 16 per cent of real GDP in FY12 and employing about 12.0 per cent of India's labor force. Growth in the sector has been matching the strong pace in overall GDP growth over the past few years. For example, while real GDP expanded at a CAGR of 8.4 per cent over FY05-FY12, growth in the manufacturing sector was marginally higher at around 8.5 per cent over the same period. Consequently, its share in the economy has marginally increased during this time – to 15.4 per cent from 15.3 per cent. Growth however has remained below

that of services, an issue that has not escaped the attention of policy makers in the country. Strong growth has been accompanied by a change in the nature of the sector – evolving from a public sector dominated set-up to a more private enterprise driven one with global ambitions. In fact, according to UNIDO, India (with the exception of China) is currently the largest producer of textiles, chemical products, pharmaceuticals, basic metals, general machinery and equipment, and electrical machinery. In the coming year, the sector's importance to the domestic and global economy is set to increase even further as a combination of supply-side advantages, policy initiatives, and private sector efforts set India on the path to a global manufacturing hub.

**Size of the manufacturing sector in India**



### 2.0 Literature review:

**Ezekiel Oladele Adeoti (2008)** the Traditional conception of history epitomized by historians like Herodotus (Father of History), his great successor Thucydides, Livy and Tacitus, the greatest of the Roman historians, viewed history as any written narrative of events This definition is however inadequate and unacceptable in view of contemporary realities. First, the definition did not acknowledge the development of history

overtime. Second, it did not recognize the division of the discipline into such fields as political, social, economic, military intellectual, constitutional and educational history. Third, the conception of history as mere narration of events is now archaic because history has metamorphosed from mere description of events into critical and analytical interpretation of events.

**N. Benjamin and Prabhash(2010)**Business history has been a neglected area in both Economics and History due to various reasons. However, some scholars have attempted to write books on business history basing upon whatever material they could lay their hands on, whereas some others have written individual corporate histories, which are usually sympathetic accounts of the perspective corporate houses and are of restricted circulation. Realizing the importance of business history accounts for proper understanding of the overall business and economic scenario of India, an attempt has been made to present a bibliographic survey of business history books in English language pertaining to the colonial and modern period.

**RichaGautam and Anju Singh (2010)** The purpose of this study is to explore the various definitions and descriptions of Corporate Social Responsibility (CSR); elaborate upon development of CSR in India; study the theoretical concepts expounded by various researchers and study the deployment of current CSR practices in India. This paper examines how India's top 500 companies view, and conduct their CSR, identifies key CSR practices and maps these against Global Reporting Initiative standards. the existing literature available on CSR. The literature review shows trends, definitions starting from

the early days of 1950s when CSR was in its budding stage. As of now, the trends have changed and CSR affects not only the company's reputation and goodwill but also govern the financial performance. It was analyzed that the reporting practices range from the very sophisticated and well-established system to "a brief mention of CSR" in the annual report. CSR reporting will continue to improve globally, but the information it contains would need to be standardized. A feature noticed in the development of CSR reporting is the influence of several international and local organizations with different frameworks, indices, directives and initiatives etc.

**Bebbington et al, (2008)** use the term CSR reporting, which highlights the link between the reporting function and the organizational functions and operations that are concerned with, and impacted by, activities associated with CSR. CSR and CSR reporting are inextricably intertwined across an organization, and at various levels, impact on strategic planning, governance, stakeholder engagement, risk management, decision making, data collection and management systems, performance measurement, performance management, public relations and communications. The CSR movement was an early response to an article published in 1970 by Friedman stating that 'social responsibility of business is to increase its profits'. CSR has emerged as the business issue of the 21st century and has been studied for over 50 years. To this day academics do not have a consensus on its Bowen's definition of social responsibility of businessmen was 'it refers to the obligations of businessmen to pursue those policies to make those decisions, or to follow those lines of relations which are desirable in

terms of the objectives and values of our society.

### **3.0 Contemporary National and International Practices:**

India is a signatory to the Global Compact and Millennium Development Goals<sup>2</sup>. Yet, there is a lack of code for promoting ethical business practices. Therefore, there is a need to develop structures for facilitating adoption of code of ethics by Indian industry. The Human Rights Council of the United Nations, at its Eleventh Session unanimously welcomed the Special Representative proposal for establishing a policy framework based on three principles of “protect, respect and remedy” – in order to promote the cause of human rights in business enterprises<sup>3</sup>. Besides reemphasizing the state duty to protect human rights, this framework also lays down that businesses have a responsibility to respect human rights. International organizations such as Organization for Economic Cooperation and Development and International Labor Organization Need for Formulating Industry-wide Code of Ethics have also come out with guidelines to promote ethical business practices.

### **Code of Ethics: Beyond another Accounting Standard:**

One may well question the utility of a ‘code of ethics’. We have processes of financial accounting – in vogue for quite a long time – and environmental accounting – introduced a couple of decades back, already in existence. Is there any requirement of bringing in a new system of code of ethics in a larger context of Corporate Responsibility? We feel that the answer to this question is strongly in the affirmative. Financial and accounting system monitors the augmentation or otherwise of the

stock of man-made resources by an accounting unit. Environmental accounting takes care of the same procession respect of the natural resources, albeit partially. In this context, a compliance review is an important tool to develop the ethics program of a company. The objective is to validate the company’s performance against generally accepted criteria and report to the stakeholders the extent to which the company fulfils its assertions and commitments.

### **India’s growing manufacturing exports:**

India’s manufacturing exporters have played a key role in promoting the sector’s prowess to consumers across the world. While on one hand sectors such as textiles, and gems and jeweler have been India’s brand ambassadors in global markets since ancient times, the country has also made its presence felt in key industries such as engineering goods and chemicals. In fact, analysis of India’s export data for FY11 reveals that engineering goods had the highest share in manufacturing exports. The main export market for Indian manufacturing goods was the US and Western Europe. Within Western Europe, Germany and UK are two of the most important export markets. The Middle East is also a key destination for Indian goods with the UAE in particular a major market for Indian gems and jewellery, engineering goods and chemicals.

### **Fortification in demand enabling sustainable growth of sector:**

Domestic demand fundamentals for the manufacturing sector in India have never been rosier as it is now. Strong growth in per-capita income, a young and growing population, rapid urbanization, and changing lifestyles will ensure that demand growth will keep the manufacturing sector busy for the coming



decades. Per capita nominal GDP, for example, is slated to expand at a CAGR of 6.9 per cent over 2010-15. Demand-push from increasing incomes will be augmented by a rising middle class and a young population, which currently has a median age of 25 years. According to McKinsey, India's middle class is likely to expand 12 advanced economies, consuming 29 per cent of total products exported from the country. The US and Western Europe are the key destinations within advanced economies. However, this trend is likely to change as the growth in emerging economies of Asia, Africa and the Middle East is expected to outpace that of developed markets. Already some change is visible, with the Middle East emerging as a key market for a number of Indian products like engineering goods, readymade garments, and gems and jewelers. Closer trade ties with ASEAN nations, China, Latin America, and Africa in the coming decade will intensify the above trend.

#### **4.0 Manufacturing off-shoring and India:**

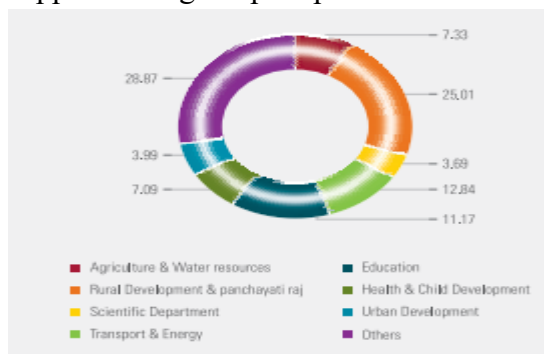
India is emerging as a favorite destination for global manufacturers. Foreign companies have been attracted by India's cost competitiveness, its skilled workforce, and favorable government policies. The best example of this can be found in the auto components sector. Due to a cost-effective manufacturing base, the auto components sector in India saves 10-25 per cent on operations compared to peers in Europe and Latin America. The sector also has high quality standards, a fact borne out by the number of quality awards won by firms – Total Productive Maintenance. Greater access to key automotive markets like the Middle East and Europe. Major Original Equipment Manufacturers (OEMs) are keen to make India their sourcing hub. Recent investment announcements bear testimony to this.

#### **High share of domestic consumption and investment:**

The Indian economy has been a primarily domestic driven economy which can be gauged from the high share of domestic demand (private and government consumption expenditure) in the country's GDP. Though the share has marginally declined from 72.0 percent in FY 04 to 70.9 percent in FY 13, it continues to remain substantially high. Positively, this has insulated the Indian economy from global slowdown to some extent. On the other hand, the share of investment has risen from 25.7 percent in FY 04 to 37.0 percent in FY 13. This strengthens the prospects of India's long-term growth. H

- India's infrastructure has been continually improving as reflected in the following instances.
- The domestic telecom sector is the second largest in the world, after China. The country's wireless and wireline subscriber base stood at 867.8 million and 30.2 million, respectively, as at the end of March 20132.
- The installed electricity capacity increased by 12 percent y-o-y to 223,343.6 MW as at the end of March 20133. The capacity of refineries stood at 215 MT as at April 20134.
- many other infrastructure facilities in other sectors such as railways, airways and ports are also either being constructed or revamped to support higher capacity. In order to support infrastructure development in the 12th Five Year Plan period, the GoI has envisaged an investment of \$ 1 trillion. The private sector is expected to play a major role in projects from sectors such as power, airports, metro-rail and road.

Sector-wise composition of gross budgetary support during the plan periods



India has emerged as a global manufacturing hub due to its cost competitiveness, skilled workforce and favorable government policies. Furthermore, the most fundamental factor fostering growth in the sector is the presence of strong market locally. India is one of the fastest growing economies.

### Conclusion:

Business houses all over the world are realizing their stake in the society and engaging in various social and environmental activities. The need of the hour is to formulate effective strategic policies and adopt various instruments according to the company history, its content, peculiarity in relationship with its different stakeholders so that CSR can be best implemented towards its goals – sustained environmental, social and economic growth. This research explores the existing literature available on CSR. The literature review shows trends, definitions starting from the early days of 1950s when CSR was in its budding stage. As of now, the trends have changed and CSR affects not only the company's reputation and goodwill but also govern the financial performance. It was analyzed that the reporting practices range from the very sophisticated and well-established system to "a brief mention of CSR" in the annual report. CSR reporting will continue to improve globally, but the information it contains would need to be

standardized. A feature noticed in the development of CSR reporting is the influence of several international and local organizations with different frameworks, indices, directives and initiatives etc. Many of these initiatives are voluntary but are likely to hinder rather than assist the development in the reporting systems. India's markets continue to exhibit a profusion of negative externalities where the costs of resource use, environmental degradation, or community disruption are neither paid by those who incur them nor are reflected in actual prices. Today's economic framework gives little encouragement for companies to consider the long-term – the essence of true sustainable development.

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