

Business ethics and social responsibility

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Abstract

Corporations are now facing more scrutiny than ever into their social and environmental stewardship and are expected to transition toward a more sustainable future. Companies and managers that ignore moral concerns are saying to those affected, we don't want to invest in making this relationship better and still hard unethical behavior can at times give nowadays those who ignore ethical issues are heading of trouble more the long run. Companies are setting their CSR agendas in an isolated and uncoordinated fashion, which is detached from business operations and broader corporate strategy. This paper conceptually discusses the concept of business ethics and a rigorous literature will be sourced for the above and understanding social responsibilities of businesses for attaining sustainability

Key Words: Business Ethics, Social Responsibility, Leadership, sustainability, transition

I. Introduction

Business grows and becomes more important, we contact on the lives and situation of group in ways we can only visualize - through bringing jobs, create wealth and stimulating others to develop their businesses. An significant part of engage in this procedure is accepting your business ethics, which if not up to cut can leave you with a appalling reputation and can even disorder up your business, not to talk about separate from employees, suppliers and the local group of people. Ethics is something of a subjective theme, but it is however of huge importance from corner to corner all areas of business. Ethics has a important role to play in ensure business achievement and finally living up to the corporate social responsibility. Thus adopt a ethics specific approach to responsibility of business is important towards ensure a rightful business form with long term possible.

Business ethics is particularly essential in dealing with consumers. Maintaining reliability in the customer facing side of your business is essential to construction client interaction, to maintain the generally branding efforts. Similarly, it's an important pace in minimize returns and defending business concern, which will have a substantial result on the success or else of your business.

At individual companies, managers try to execute the values of the social agreement in their decision making process and in their company policy. Their decisions and policies can reveal one of four stances:

1. Reactive — the company responds to a social issue only after it has challenged company goals
2. Defensive – the company acts to ward off a challenge
3. Accommodative — the company brings itself into line with government requirements and public opinion.
4. Proactive – the company anticipates demands that have not yet been made.

The major drivers of CSR are listed below:

- New concerns and expectations from citizens, consumers, public authorities and investors in the context of globalization and large scale industrial change;
- Social criteria are increasingly influencing the investment decisions of individuals and institutions both as consumers and investors;
- Increased concern about the damage caused by economic activity to the environment;

Transparency of business activities by the media and modern information and communication technologies

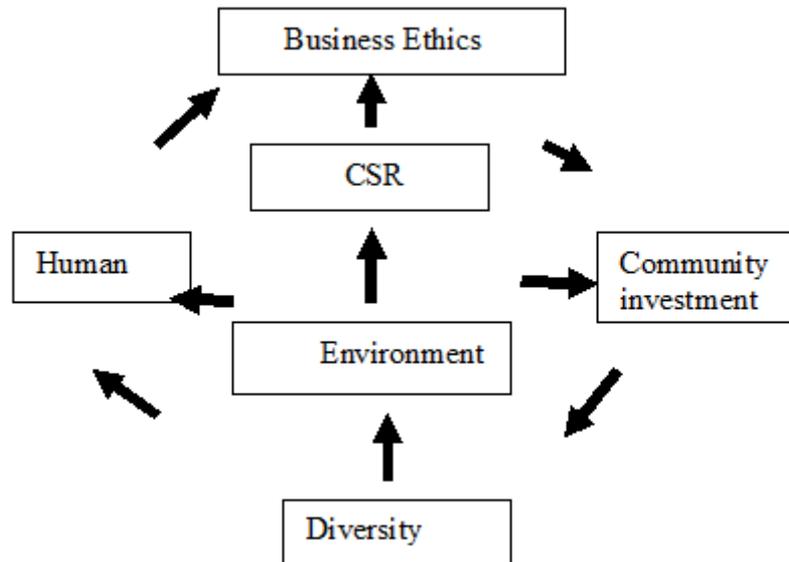
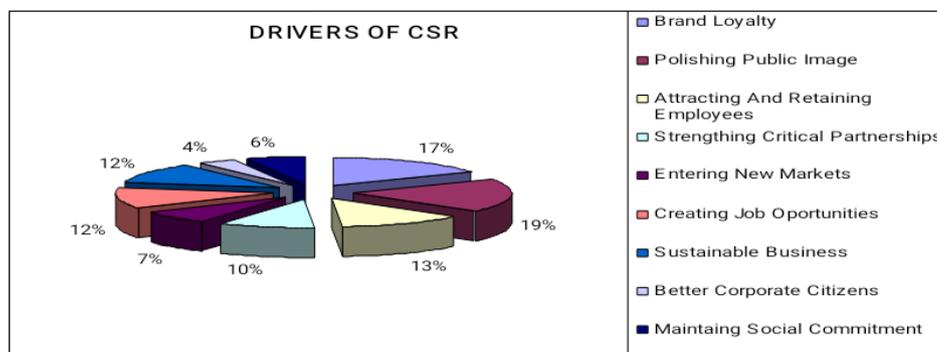


Figure: Framework of Corporate Social Responsibility (CSR)

Major Drivers of Corporate Social Responsibility (CSR)



Meeting Changing Expectations of Stakeholders

- Shrinking Role of Government
- Increased Customer Interest
- More Competitive Labour Markets
- Increasing Supply Chain Responsibility
- Growing Investor Pressure
- Demands for Increased Disclosure
- New and Emerging Issues

Meeting Changing Expectations of Stakeholders

Various stakeholders are increasingly looking to the private sector to help them with myriad complex and pressing social and economic issues.

There is a growing ability and sophistication of activist groups to target corporations they perceive as not being socially responsible, through actions such as public demonstrations, shareholder resolutions, and even “denial of service” attacks on company websites. These efforts emphasise the issue of accountability to stakeholders when doing business (BSR 2001).

Shrinking Role of Government

In many countries, national and local governments have taken a more hands-off approach to regulating business, due to the globalisation of commerce and shrinking resources.

Increased Customer Interest

The growing interest in CSR comes from both business-to-business customers and consumers. In the former, there is a significant move by many companies, governments, universities and other institutions to align their purchasing decisions with social criteria, particularly those related to companies' environmental and human rights performance.

Example: Corporates like Tata's and L&T have developed a policy to purchase recycled paper. Starbucks Coffee sources coffee beans from fair trade labelled suppliers.

More Competitive Labour Markets

In a tight labour market, many workers especially professional, technical or highly skilled employees are looking beyond pay checks and benefits to seek employers whose philosophies and operating practices align with their own beliefs.

Increasing Supply Chain Responsibility

As stakeholders take a growing interest in companies' corporate social responsibility, many companies are finding that they are responsible not only for their own CSR performance, but for that of the companies "upstream" and "downstream" – that is, a company's suppliers as well as its customers.

Example: Toyota has designed a manual of CSR for its suppliers, which they are supposed to adhere to.

Growing Investor Pressure

The growth of socially responsible investing has accelerated in recent years, with investor groups increasingly pressurizing companies on social issues.

Many of these investors are using the shareholder resolution process to pressurize companies to change policies and increase disclosure on a wide range of CSR issues, including environmental responsibility, workplace policies, community involvement, human rights practices, ethical decision-making and corporate governance.

Demands for Increased Disclosure

Customers, investors, regulators, community groups, environmental activists, trading partners and others are asking companies for more and more detailed information about their social performance.

In response, leadership companies are responding with a variety of reports and/or social audits that describe and disclose their social performance on one or several fronts.

New and Emerging Issues

Recent years have seen growth in the breadth of topics considered under the "corporate social responsibility" umbrella.

BSR (2001) stated that included among these are corporate governance issues, such as how boards of directors are chosen and compensated; religious freedom in the workplace; "cyber ethics" issues of access to and privacy linked to information technology, both for consumers and employees; consumer concern over the use of genetically modified organisms in agriculture; and the new demands brought about by the increased interest in environmental sustainability

CSR and Leadership

In today's fast-changing world, an organisation's ability to successfully operate and hold competitive edge in the marketplace often hinges on its "license to operate" within a community. Establishing a bank of goodwill is therefore very important for any business to survive there are various reasons apart from this for implementing CSR activities some of them are listed below:

1. Building brand loyalty
2. Attracting and retaining quality employees
3. Strengthening mission-critical partnerships
4. Smoothing the path for entering new markets
5. Appealing to the growing number of socially responsible investors
6. Polishing the public image and enhancing the reputation of corporations
7. Creating better job opportunities and investing in innovations

8. For maintaining social commitment and strong connection between business ethics and social aspects
9. To maintain better relationships between various entities
10. Sustainable business growth in the long run
11. To make the employees better corporate citizens
12. Retaining old customers and attracting new customers

Relevance of CSR today

CSR as a strategy is becoming increasingly important for businesses today because of three identifiable trends:

1. **Changing social expectations**

Consumers and society in general expect more from the companies whose products they buy. This sense has increased in the light of recent corporate scandals, which reduced public trust of corporations, and reduced public confidence in the ability of regulatory bodies and organizations to control corporate excess.

2. **Increasing affluence**

Corporations today are best positioned when they reflect the values of the constantly shifting and sensitive market environment in which they operate. It is vital that they are capable of meeting the needs of an increasingly demanding and socially-aware consumer market, especially as brands move front and center of a firm's total value. Global firms with global lifestyle brands have the most to lose if the public perception of the brand fails to live up to the image portrayed. Integrating a complete 'social perspective' into all aspects of operations will maximize true value and benefit for an organization, while protecting the huge investments companies make in corporate brands.

Ethics and Social Responsibility today:

Today, ethical leadership and corporate social responsibility (CSR) have become critical components of organizational success. Ethical leadership not only shapes the character of a company but also influences its long-term impact on society and the environment. In this article, we delve into the intertwined concepts of leadership ethics and corporate social responsibility, highlighting the importance of ethical leadership in driving positive impact and sustainable growth.

Reebok ended up launching a new product in 1991 – the Black Top line of outdoor basketball shoes. Part of the profits from the shoes are used to renovate basketball courts, such as a court in South Dade County, Florida, devastated by Hurricane Andrew and renovated in 1993. Our involvement in Court Renewal gives us a lot more credibility for the [Black Top line] so I'd say it's a major factor in the product's success. But it started because they wanted to do something for inner city kids.

II. Conclusions

Corporate Social Responsibility is becoming ever more important for companies around the world. The relationship a business has with both government and wider society is becoming integral to its success, reputation and day-to-day working.

Business does not act in a vacuum and recent years have seen a marked increase in stakeholder expectations for Corporate Social Responsibility(CSR) and, in particular, transparency in the way in which this is put into practice, but there is no concrete way to define corporate Social Responsibility. Different organizations have framed different definitions, although there is considerable common ground between them. Some refer to CSR as corporate citizenship in work place, in the media, in the government and in the communities. While some refer to CSR as establishing a positive company reputation and brand in the public eye through good work that yields a competitive edge while at the same time contributing to others. Despite what the phrase corporate social responsibility suggests, the concept is not restricted to corporations but rather is intended for most types of organizations, such as associations, labour unions, organizations that serve the community for scientific, education, artistic, public health or charitable purposes, and governmental agencies.

Organizations must adopt on communication, continuous learning and commitment towards planet earth, people and lastly profits for a sustainable and responsible organizations.

Ethics are important not only in business but in all aspects of life because it is an essential part of the foundation on which of a civilized society is build. A business or society that lacks ethical principles is bound to fail sooner or later.

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