

# CORPORATE SOCIAL RESPONSIBILITY IN BUSINESS ETHICS: A PHILOSOPHICAL UNDERSTANDING

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## 1. Introduction:

Ethical behaviour and corporate social responsibility can bring significant benefits to a business. The idea that business enterprises have some responsibilities to society beyond that of making profits for shareholders has been around for centuries. This partly accounts for the reason why the concept of Corporate Social Responsibility (CSR) has continued to grow in importance and significance. One of the core beliefs is that business organizations have a social and ethical responsibility, as well as, the economic mission of creating value for shareholders or owners of businesses. Whereas, the economic responsibilities of a business are to produce goods and services that society needs and wants at a price that can perpetuate the continuing existence of the business, and also satisfy its obligations to investors; ethical responsibilities are those behaviours or activities expected of businesses by society and other stakeholders such as employees. This thesis seeks to answer the following: What do the business community and organizations get out of CSR and ethical behavior? That is, how do they benefit tangibly from engaging in CSR policies, activities and ethical practices? This work seeks to articulate what social responsibility and ethics means, and why it makes good business sense to integrate the two concepts into strategic decisions, policies and practices of businesses. Business ethical behaviour and how ethics can be integrated into corporations for mutual benefits. Some of the forces relating to CSR and how CSR can be integrated into sustainable business strategies. In next to follow, we review the literature on CSR and business ethics to put the study in perspective. We first explore the concepts of business ethics and CSR; and the relevant stakeholder groups involved. This is followed by the methodology through which data was collected to illuminate the research. Then we present our findings, discussions and conclusions. Ethics is a branch of philosophy that involves systematizing, defending, and recommending concepts of right and wrong behaviour. The field of ethics, along with aesthetics, concerns matters of value; these fields comprise the branch of philosophy called axiology. Ethics seeks to resolve questions of human morality by defining concepts such as good and evil, right and wrong, virtue and vice, justice and crime. As a field of intellectual inquiry moral philosophy is related to the fields of moral psychology, descriptive ethics, and value theory. Three major areas of study within ethics recognized today are: Meta-ethics, concerning the theoretical meaning and reference of moral propositions, and how their truth values (if any) can be determined. Normative ethics, concerning the practical means of determining a moral course of action. Applied ethics, concerning

what a person is obligated (or permitted) to do in a specific situation or a particular domain of action. Business ethics comes under the applied ethics which deals all aspects of professional ethics.

Moral guidelines for the conduct of business based on notions of what is right, wrong and fair. Most business people rely upon their own consciences in making business decisions, falling back upon their own moral and religious backgrounds for guidance. However, business people are also affected by their superiors and immediate colleagues when making business decisions and may feel pressurized to behave unethically when seeking to make profits. Over recent years many firms and industries have attempted to develop codes of conduct which can be used to guide managers when making decisions. Development that meets the needs of the present generation without compromising the ability of future generations to meet their needs. General management, development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The concept of sustainable development was introduced by the Brundtland Report, the first report of the World Commission on Environment and Development, set up by the United Nations in 1983. A business philosophy which stresses the need for firms to behave as good corporate citizens, not merely obeying the law but conducting their production and marketing activities in a manner which avoids causing environmental pollution or exhausting finite world resources. Some businesses have begun to behave in a more socially responsible manner, partly because their managers want to do so and partly because of fear of environmentalist and consumer pressure groups and the media, and concern for their public image. It is argued that socially responsible behaviour can pay off in the long run, even where it involves some short-term sacrifice of profit.

## **2. Business Ethics and Corporate Social Responsibility:**

The concept of business ethics and CSR has been developed or adopted widely by the business/companies in the recent years and it has its specific impact on the development of the country and also the welfare of the organisations. The prominent reciprocal benefits that these two concepts can bring needs to be studied. The thought behind these two concepts is to show some responsibilities of the company towards the society, by uplifting the morals of the members of the company and around the company. Here the company not only focuses on the profit but also takes measures to invest for the betterment of the society. This thesis addresses the concept of business ethics and CSR in the context in relation to selected diverse companies based on the perspectives of the employees working in the companies. I will examine if and how the surveyed companies implemented the ethical code in their business practice; and what benefits flowed there from. The second question assayed if the implementation of CSR brought about any significant change in the business turnover. The results show that business ethics and CSR are very important for the organisations' growth and success. Specifically they consider business ethics to lead benefit to employees, customers and societal relationship, along with better goodwill and reputation and can generate customer loyalty. A firm and good customer relation can be framed to benefit the company that considers itself responsible for the development of the society. Inferences of findings and research are finally drawn. The concepts of ethical behaviour and

corporate social responsibility have come to the fore in recent years in both developed and developing countries as a result of growing sense of corporate wrongdoing. These two concepts can bring significant benefits to a business. The idea that business enterprises have some responsibilities to society beyond that of making profits for shareholders has been around for centuries. This work deals the concepts of business ethics and corporate social responsibility, it came out that business ethics and social responsibility are very important for organizational growth and success. Specifically, they consider business ethics to lead to positive employee, customer and community relations. Not only that but also, they perceive that better public image/reputation; greater customer loyalty; strong and healthier community relations can inure to the benefit of corporations that are socially responsible. Implications of the findings are finally drawn. The success of modern business is apparent, but recently there is much concern in the business-and-society literature and in the general press on whether business fulfils its social role responsibly. Business ethics, corporate social responsibility movements have been developed in recent decades as responses to a growing sense of corporate wrongdoing. This attempts to explain why the three movements seem yet to have generated little in the form of widely accepted prescriptions for improvement of business behaviour to the satisfaction of the “constituents” of business, i.e. the major stakeholders. Without denying the usefulness of any of the three movements, the works suggests that there are weaknesses in all three, especially concerning the way they conceive modern business operation. To this end business pluralism, responsive codes of practice and re-examination of the assumptions (conditions) of business operation could be helpful.

Corporate social responsibility and business ethics have yielded many reports, and created many networks of organisations dedicated to improvement of thought and practice in the areas. There has been much survey research administered through questionnaires on how the top managers view many issues of the day, and on whether they think that codes of practice would be useful. There is much research on consumers’ buying habits, and on whether consumers would buy proposed new products, including service products, and some is addressed to managers. Despite all the above, public cynicism on the operation of codes of practice and of corporate governance is clearly visible. In an imperfect world there is always a gap between the aspirations expressed in codes and their practical operation, but the gap could be reduced by detailed research into their formation, monitoring and reception by their intended beneficiaries. Many processes intervene between aspiration and reality. Some of the processes are internal to particular businesses; other are “fed in” by government, the law, pressure groups and much else. There appear to have been few studies of how these processes work. The following could help: □ Agency theory has been developed to guide agents, such as accountants in making judgements about what is in the interests of clients. In particular, creating bodies that represent millions of consumers, employees or suppliers is fraught with difficulties. Such bodies seem inevitably to develop norms, ideologies and control procedures that perpetuate the control arrangements of the organisation, often seeming to become divorced from the original intentions or from the views of the “constituencies” that they represent. Develop “responsive codes of practice” that incorporate relevant parties in the preparation, monitoring and amendment of codes. The extent of positive and negative influences of

individuals. Much effort has been expended in making individuals aware of the consequences of their actions or inactions. The propensity of individuals to participate or acquiesce in corporate wrong doing, or to benefit from unfair advantage is sometime cited. It seems to us that there are no good reasons to believe that the propensity has become more widespread or more powerful over the last few millennia. But opportunities have clearly increased with the abolition of the old controls that governed business behaviour before the era of globalisation, before the ending of the gold exchange standard in the 1970s and before the digital revolution. On this basis, providing opportunities for executives to contemplate the ethical aspects of their actions can have only limited effects. But there are few grounds for asserting with confidence what the majority of players in the business field want, as suppliers, customers or employees, or as recipients of the consequences of business operation. More knowledge of expectations and of how to assess their legitimacy would be of great value. It is possible that the expectations would turn out to be quite modest. As Aristotle put it, “The conclusion of a moral argument is an action”.

### **3. Framing the entire work:**

To review these three movements in the light of the literature that serves them, and in the light of the problems they seek to address. To identify their similarities and differences Business Ethics and Corporate Social Responsibility. To provide a summary critique based on the notion of business as an ideology that could benefit from the introduction of a more pluralistic conception of the role of business and management. To explain why the three movements seem yet to have generated little in the form of widely accepted prescriptions for improvement of business behaviour to the satisfaction of the “constituents” of business, i.e. the major stakeholders. CSR has gone through many phases in India. The ability to make a significant difference in the society and improve the overall quality of life has clearly been proven by the corporates. Not one but all corporates should try and bring about a change in the current social situation in India in order to have an effective and lasting solution to the social woes. Partnerships between companies, NGOs and the government should be facilitated so that a combination of their skills such as expertise, strategic thinking, manpower and money to initiate extensive social change will put the socio-economic development of India on a fast track.

The methodology, methods of data collection and analysis are the processes that inform an approach to research (Cohen et al., 2007). Research is commonly viewed from the lenses of the quantitative and qualitative paradigms (Bracken, 2010). The research process of this study is quantitative since it involves primary data collection through the use of a questionnaire, and numbers; and the findings are presented in the form of graphs and tables, to convey a sense of solid and objective research. The study is based on secondary data collected from the annual reports and various books. On the basis of their expenditure on CSR . Companies report on corporate social aspects either in separate sustainability reports, in a section of the annual report or both ways. While companies can communicate their CSR information using advertising, annual reports, public relations and their websites as well as the social campaigning with volunteers support . The study is based on a sample of govt. companies included in 2013 and we calculated descriptive statistics in order to establish the independent variables distribution. we completed our database with the values of independent variables, such as: assets,

revenues, percentage change on revenues related to previous reporting year, profit, and stockholders' equity for the year 2012. We collected this information for each company, The extent of CSR information reported by sample companies is measured in number of pages of corporate social responsibility reports.

Unethical behaviour or inability to demonstrate corporate social responsibility can damage a firm's reputation and make it less appealing to relevant stakeholders (Daft, 2001). The concepts of business ethics and social responsibility are often used interchangeably, although each has a distinct meaning (Carroll, 1989; Daft, 2001; Shaw & Barry, 1995). Whereas business ethics includes the moral principles and standards that guide behavior in the world of business; corporate social responsibility (CSR) is an integrative management concept, which establishes responsible behavior within a company, its objectives, values and competencies, and the interests of stakeholders (Meffert & Münstermann, 2005). Companies that consistently demonstrate ethical behaviour and social responsibility generate better results.

Research Hypotheses organised our research in order to test the strength and the significance of the correlation between some corporate characteristics showing the size and the profitability and the extent of social and environmental. The following specific hypotheses have been tested regarding companies size: Companies with greater total assets disclose social and environmental information largely than companies with fewer total assets. Companies with greater revenues disclose social and environmental information to a greater extent companies with lower revenues. Companies with higher change in revenues for the last reporting year disclose social and environmental information largely than companies with lower change in revenues. Companies with higher rates of return on assets disclose social and environmental information largely than companies with lower ROA. Companies with higher rates of return on equity disclose social and environmental information largely than companies with lower .

#### **4. Conclusion:**

Ethical problems and phenomena arise across all the functional areas of companies and at all levels within the company. Compliance is about obeying and adhering to rules and authority. The motivation for being compliant could be to do the right thing out of the fear of being caught rather than a desire to be abiding by the law. An ethical climate in an organization ensures that compliance with law is fuelled by a desire to abide by the laws. Organizations that value high ethics comply with the laws not only in letter but go beyond what is stipulated or expected of them. The ethical issues in finance that companies and employees are confronted with include. This area of business ethics deals with the duties of a company to ensure that products and production processes do not cause harm. Some of the more acute dilemmas in this area arise out of the fact that there is usually a degree of danger in any product or production process and it is difficult to define a degree of permissibility, or the degree of permissibility may depend on the changing state of preventative technologies or changing social perceptions of acceptable risk.

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