ABSTRACT

In a very simple language Business Ethics means a systematic way followed by code of conduct of describing how goods and services are exchanged among the members of a given community and CSR means a company’s sense of responsibility towards the community and the environment (both ecological and social) in which it operates. The aim of this paper is to study the Business ethics and CSR (Corporate Social Responsibility) in a wider extent & to get knowledge how they are interlinked with each other.

Keywords: Business, Ethics, Corporate, Social Responsibility, Business Environment.

Introduction

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. In some models, a firm’s implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders. The term "corporate social responsibility” came into common use in the late 1960s and early 1970s after many multinational corporations formed the term stakeholder, meaning those on whom an organization's activities have an impact. It was used to describe corporate owners beyond shareholders.

Business ethics is a phenomenon rather than a paradox although it is inevitably has disagreements on ethical business activities or unethical business activities, there is agreement on the principle of faire trade. Or business ethics is a situation, activity, decision making aspects inside business corporations in whether they are right or wrong. Although focuses of business ethics at different period of time are different, the basic principle and standards of business ethics is along with the social morality standards acknowledged by the society. However, being complex than social issues, commercial business involves diverse interests or benefits of different stakeholders and diverse different development objectives at different stages. Although the ultimately business ethics is a paradox, it cannot imply that ultimately business ethics is an absurd contradiction which is a pointless exercise. On the contrary, business ethics is useful in directing commercial business behaviour in both organisational and individual levels.
LITERATURE REVIEW

Hurst (2004), put his effort to determine how ethics and CSR practices of European-based companies compared to U.S.-based companies are different and who is more aware about the CSR, for this study eight European companies and Ten American Companies were researched. These companies were compared across the technology, energy, healthcare, and aerospace and defence industries. The results of the sample showed that European companies show more of a commitment to CSR than U.S. companies.

Malloy (2005), explained that Ethics provides us with the tools to determine whether or not we should do a certain action and the extent to which a past action should have been done.

While there are many different approaches to the question, what should I do? It is possible to simplify matters by discussing ethics in terms of means versus ends orientation. Means-oriented ethics focuses on the principles upon which we base our behaviour. Rules, policies, commandments, and codes of ethics/conduct form the parameters of our actions.

Michael (2006), examined that despite of the recent rash of corporate scandals & resulting to address the problem by adding more laws and regulations, seemingly little attention has been paid to how the nature (not the substance) of rules may or may not affect ethical decision – making. Drawing on work in the law, ethics, management, psychology, and other social science. The study explores how several characteristics of rules may interfere with the process of reaching and implementing ethical decisions.

Dimitriades (2007), highlighted the effects of globalization and its impact on the transition from the industrial to the digital era are explored. Although the behaviour of business organizations has always had a profound worldwide impact, with the decline of the nation state economic power has, for the first time, eroded political power. Simultaneously, the undergoing revolution in contemporary information and communication technologies has significantly empowered the customer. Responding to enhanced customer awareness and sensitivity to business and social responsibility issues -coupled with consumers’ increasing ability to react- companies in the digital age may be expected to develop even stronger cultures of corporate social responsibility, proactively seeking to increasingly honour their moral obligations to society in the 21st century.

Priniti & Erdem (2010), revealed that Social responsibility is the obligation for an organization, which requires ethical, accountable, and reactive duty towards the needs of society. This definition suggests that socially responsible firms should undertake two things: (1) eliminating negatives and (2) doing positives. In general, business experts agree that socially responsible firms are more likely to thrive and survive in the long-term. Companies engaged in positive activities generate quality publicity and customer loyalty. Firms, on the other hand, that work strongly toward reductions in unfair practices, pollution, harassment, and other negative activities are more likely to stay out of court, and they suffer fewer negative word-of-mouth comments by consumers who are not fully satisfied.
OBJECTIVE OF THE STUDY

- To understand the importance of both Business Ethics and CSR in Corporate world.
- To understand their interdependency on each other.

HYPOTHESIS FORMULATION

\( H_0 \): There is not any interdependency between Business Ethics & CSR, both are separate entity and there is no interlink between these two terms.

\( H_1 \): Business Ethics & CSR are interdependent & interlinked with each other.

RESEARCH METHODOLOGY

This research paper is an empirical study of past observations and experiences taken from various secondary data collection sources and then analyzed on the basis of PESTEL analysis and finally after complete interpretation some new facts & findings could be drawn and hence concluded.

ANALYSIS

PESTEL ANALYSIS: Ethics and social responsibility go hand in hand. Ethics affects individuals or groups within the workplace, whereas "social responsibility refers to the overall route in which a company decides to balance its involvement with employees, stake holders and the environment", therefore these can be used interchangeably and to know more about these two terms a PESTEL analysis is done as follows:

a) POLITICAL: Being a part of society each and every organization has to implement business ethics positively along with the CSR towards society. Even governments of all the nations are aware now and forcing the corporate to indulge with CSR for better survival & positive image among the society.

b) ECONOMICAL: By implementing effective business ethics or ethical code of conducts it become very economical to fulfil the CSR. Although it is beneficial to make good image as well as positive words of mouth in the society which in return helps in increasing the profits due to more awareness among the people about any organization.

c) SOCIAL: All the organisations have to deal with the society whether the business is of positive or negative nature but they definitely have to face feedbacks from the society. But if they always try to do goodness for the society through implementation of CSR & business ethics then they always receive optimistic and affirmative response from the society for encouraging doing more better for them.

d) TECHNOLOGICAL: Each & every organization wants to be technologically strong in today’s fast growing technologies at individual as well as at global level. With grabbing these advancements they also have to update their structure with the current codes of
ethics along with the trends of performing CSR in order to achieve overall efficiency in the market.

e) ENVIRONMENTAL: In business environment the whole business is dependent on the trading of goods & services to the society and from the society. Therefore each one of them has to be very much aware about the social issues and try to give their best to the society through various constructive means.

f) LEGAL: It is very mandatory for every organization to implement the Business Ethics in their premises but CSR is an optional factor for them whether they liked it or not to put into practice for the betterment of society and people nearby them.

FINDINGS & CONCLUSION

After the review and analysis it can be concluded that Corporate Social Responsibility is considered a global new trend in today’s business world. This trend is recent and organizations have been struggling to understand their social responsibility roles, as it’s not an easy task because of the immediate expectations of the changing market. Furthermore, social responsibility projects have gained a consensus because both organizations and non-profit organizations think that these projects need to be implemented to create a strong brand communication of corporate. That’s why; many companies start to give importance to these projects. On the other hand the concepts of business ethics and social responsibility are often used interchangeably, although each has a distinct meaning. The term business ethics represents a combination of two very familiar words, namely "business" and "ethics". The word business is usually used to mean "any organization whose objective is to provide goods or services for profit", whereas organizations are defined as "(1) social entities that (2) are goal oriented, (3) are designed as deliberately structured and coordinated activity systems and (4) are linked to the external environment". The organization has to find and obtain needed resources, interpret and act on environmental changes, dispose of outputs, and control and coordinate internal activities in the face of environmental disturbances and uncertainty. The fact that business organizations are open systems means that although businesses must make a profit in order to survive they must balance their desire for profit against the needs and desires of the society within which they operate. Hence, despite the fact that in market economies business organizations are traditionally allowed some degree of discretion being "ostensibly free to choose what goods and services they produce, the markets they aim to serve and the processes by which they produce", organized societies around the world did indeed establish principles and developed rules or standards of conduct - both legal and implicit - in order to guide businesses in their efforts to earn profits in ways that do not harm society as a whole.

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Corporate social responsibility is no longer defined by how much money a company contributes to charity, but by its overall involvement in activities that improve the quality of people’s lives. Corporate Responsibility has come up as a significant subject matter in the international business community and is progressively becoming a mainstream activity. There is mounting recognition of the momentous effect the activities of the private sector have on the workforce, clientele, the society, the environment, competitors, business associates, investors, shareholders, governments and others groups. It is also becoming progressively clear that organizations can contribute to their individual wealth and to overall community wealth by taking into account the effect they have on
the entire globe when making decisions. Ethics of multi-corporations involves actions that are morally upright. It is common knowledge that most of the activities corporations are engaged in may not meet the required ethical standards. This is because, many businesses tend to focus on profit making rather than any other thing. Business ethics is an upcoming issue mainly due to the sheer number of persons involved. The actions of a few persons may seem safe on a small scale but on a large scale, such actions could be devastating. An example of such situations that may be considered unethical is the firing or employees to keep the profit margin of a company high. In the wake of the financial breakdown, many people lost their jobs. Most of the persons who lost their jobs included civil servants who are middle class persons. In order to ensure that the corporations save some money, most of these workers were laid off. Such an action is considered unethical. This is because; even though the companies are somehow at a loss, the firing of all those employees means that so many people are going to suffer. The multi-corporations could definitely live with the loss incurred but would rather avoid that by firing a number of their workers.

HYPOTHESIS TESTING: Hypothesis H\textsubscript{(1)} accepted which says that CSR & Business Ethics are interlinked and interdependent, and H\textsubscript{(0)} rejected.

REFERENCES


