

Business Ethics and Corporate Social Responsibility

Ms.Prithivi.S

Assistant Professor, Department of Corporate Secretaryship,

Patrician college of Arts and Science, Adyar Chennai -20

Email.Id: prithivistephen@gamil.com

ABSTRACT

Business ethics are moral principles that guide the way a business behaves. Acting in an ethical way involves distinguishing between right and wrong and then making the right choice and CSR issues initially have been discussed under the label of business ethics. Corporate social responsibility is a broad concept that can take many forms depending on the company and industry. Corporate social responsibility is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for the stakeholders. Through CSR programs, philanthropy, and volunteers efforts, business can benefit society while boosting their own brands. As important as CSR is for the community, it is equally valuable for a company.

INTRODUCTION

Business ethics is concerned with the behavior of individuals as members of the company and wider society; it is also increasingly concerned with the values of business such as honesty, trust, integrity, respect, and fairness into its policies, practices and decision making. This can involve ensuring that employees abide by the law. It can also involve going beyond legal requirements and adhering to company, industry or professional codes of conduct. It provides the framework within which corporate responsibility is situated. Business ethics as a sub area of management concerned with social issues in business. Indeed many CSR issues initially have been discussed under the label of business ethics.

The concept of CSR refers to the general belief that modern business man have responsibilities to society that extend beyond their obligation to the stockholders on investors in the firm. The CSR concept applies to all size organizations but discussions tend to focus on large organizations because they tend to be more visible and have more powers and with powers comes responsibility CSR focuses on actual results achieved.

TRANSFORMATION FROM WITHIN

Business ethics can be seen as the analytical tool that manages and others can use to understand, conceptualize and legitimize the moral status of corporate policies, strategies and programs while

CSR is about the values driving business decisions. Business ethics can be differentiated into two broad domains. First there is normative business ethics which is mainly based on philosophical thinking attempts to understand what is morally right or wrong course of action in a specified situation. Second, there is descriptive business ethics which is mainly based on psychological and ethnological research it tries to understand how ethical decisions are actually made in business and its influencing factors are individual factors and situational factors.

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 all local community and society at large(LORD HOLME)

DIMENSIONS OF CSR

The three dimensional aspect of corporate social responsibility (CSR) includes :-

1. Economic aspects
2. Social aspects
3. Environmental aspects

Economic aspects

The economic aspects of CSR consist of understanding the economic impacts of the company's operations. Sustainability agenda should

rather consider the direct and indirect economic impacts that the organizations operations have on the surrounding community and on the company's stakeholders. That is what makes up corporate economic responsibility.

Social aspects

Social responsibility is the most important of the three dimensions of corporate social responsibility. Many organizations are becoming increasingly active in addressing social concerns social responsibility means being accountable for the social effects the company has on people -even indirectly. This includes the people within the company, in the supply chain of the company, in the community the company is in and as customers of the company which means the whole lot of stakeholder. It refers to the management's obligation to make choices and take actions that will contribute to the well fare and interests of society as well as those of the organization

Environmental aspects

Environmental concern and sustainable development is a key pillar of the corporate social responsibility. Environmental and ecological issues have been an important topic of discussion for the past thirty years in the business world the longest time of the three dimensions corporate social responsibility. The knowledge and issues within the dimensions have progressed across a landscape of changing business realities. Environmental aspects put in place in the 1970s with the first real understanding of the environmental impacts of business.

CSR AND THE SOCIETY

CSR encompasses the economic, legal, ethical and discretionary or philanthropic expectation that society has for organization at a given point of time. We have four interrelated categories of responsibilities that business has, first and foremost business has a responsibility which is economic in nature or kind. The business institutions is the basic economic unit in society. It has a responsibility to produce goods and services that wants to sell them at a profit. All other business roles are predicted on this fundamental assumption. The economic element suggests that society requires business to produce goods and services and sell them at a profit. Society expects business to fulfill its economic mission within the framework of legal requirements set forth by the

society's legal system. Thus the legal responsibility is the second part of CSR. The ethical responsibility represents the kinds of behaviors and ethical norms that society expects business. Finally there are discretionary or philanthropic responsibilities. These represents voluntary roles, initiatives and practices that business assumes. Examples of these voluntary activities include making charitable contributions, employee volunteerism, support of nonprofit organization and other attempts to receive improved relationships with various stakeholders groups. The company also get benefits from fulfilling their social responsibilities. Such as better public image/reputation, greater customer loyalty in the market place etc. Companies are deciding to be more socially responsible for the following reasons

- Enhanced reputation
- Competitive advantage
- Cost savings
- Industry trends
- CEO / board commitment
- Customer demand
- Top line growth
- Shareholders demand
- Access to capital

Corporate social responsibility became an ethical contribution towards the society. CSR plays a significant role in smooth functioning of the organization. Public relations are a potent tool for shaping consumer perception and building a company's image. Corporations that actively promote their social responsibility activities often take steps to publicize these efforts through the media. Getting the word out about corporate donations, employee volunteer programs, or other CSR initiatives is a powerful branding tool that can build publicity for you in both online and print media.

CONCLUSION

Business ethics then can be said to underlie the values, decisions and process in the context of CSR. On the other hand it helps companies to understand their actions as responsible corporate citizens. And on the other hand it provides a desirable environment under which CSR can be practiced and researched. It is evident by corporate social responsibility practices and trends that social responsibility has both a social component as well as business component.

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