

# **Corporate Social Responsibility And Business Ethics For Sustainable Development**

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## **1. INTRODUCTION**

Today in the era of cut throat competition a never ending contests has now begun to cross the ethical standards. The rivalry between the competitors has crept into the lives of consumer too. The motive for higher profits had derived them to do wrong and an unethical practice which is creating harm to societal values and moral. Business environment depicts the actual condition of any society. So to disinfect the society business environment has to be taken into account. Social responsibility of a business is management's obligation to make decisions and take actions that will contribute to the welfare and interest of society as well as to the welfare and interest of the organisation. Social responsibility covers a wide range of issues, many being ambiguous as to what is right and what is wrong. Some companies and economists rejected the idea of corporate social responsibility because it implied an obligation to society and future generations beyond those contained in the binding legal requirements of business. However most companies now embrace new notion of corporate social responsibility.

## **2. OBJECTIVES**

1. To have an overview of corporate social responsibility and business ethics.
2. To have an idea about sustainable development of business through ethical business practices and corporate social responsibility.
3. To know the recent corporate social responsibility trends.

## **3. NEED FOR THE STUDY**

Application of ethical business practices and corporate social responsibility may be regarded as a useful tool for sustainable development. In such a case there is a need to study the concept of corporate social responsibility, its trends and various ethical practices that fulfil social commitments.

## **4. METHODOLOGY**

Primary knowledge has been collected from business professionals.

Secondary knowledge has been collected from sources like books, articles, websites etc.

## **5. KEY WORDS**

Business ethics, corporate social responsibility, sustainable development

## **6. BUSINESS ETHICS**

Business ethics means 'taking the right course'. Acting ethically takes into account all the factors of doing business. These include production, business processes and the company's behaviour with its customers and the communities in which it operates. It is about doing the right thing in everything the company does.

While businesses have to meet economic expectations, they also have ethical responsibilities. Everyone, from the bottom to the top of the organizational chart, must take care to meet these responsibilities.

## **7. NEED FOR BUSINESS ETHICS**

Stop business malpractices  
Improve Consumer Confidence Safe guarding Consumer's rights  
Survival of business  
Protecting employees, shareholders etc.  
Develops good relation between business and society  
Creates good image of business  
Smooth functioning of business  
Consumer movement  
Consumer satisfaction Importance of labour  
Healthy competition

## **8. CORPORATE SOCIAL RESPONSIBILITY**

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society including economic, social, and environmental. To engage in CSR means that, in the normal course of business, a company is operating in ways that enhance society and environment, instead of contributing negatively to them.

## **9. BUSINESS IMPORTANCE OF CSR**

- improved financial performance
- reduced operating costs
- enhanced brand image and reputation
- increased sales and customer loyalty
- increased productivity and quality
- increased ability to attract and retain employees

## **10. SUSTAINABILITY**

Sustainability is about meeting the challenges of ensuring that future generations can enjoy the same kind of lifestyles people enjoy today. This naturally involves taking a long term perspective on balancing economic, environmental and social impact of business. A commitment to ethical behaviour is often shown in the corporate social responsibility (CSR) policy of a business. Business are no longer judged solely on their ability to deliver goods and services but also on the manner of delivery and how they impact on society and the environment.

Application of ethical business practices and corporate social responsibility may be regarded as a useful tool for sustainable development. Ethical behaviour and corporate social responsibility can bring significant benefits to a business.

Attract customers to the company's products

Ensure that employees want to stay with the business, reducing labour turnover and therefore increasing productivity.

Attract more employees wanting to work for the business thus enabling the company to hire the most talented employees.

Attract investors and keep the company's share price high, thereby protecting the business from takeover.

## **11. NEED FOR CORPORATE SOCIAL RESPONSIBILITY**

1. Making employees more loyal and help companies retain them in the long run.
2. Make companies more legitimate and help them in accessing a greater market share.
3. Since companies act ethically, they may face less legal hurdles.
4. Help in the stabilisation of stock markets in both the short and long run.

## **12. WAYS TO PRACTICE CSR**

Recognizing how important social responsibility is to their customers, many companies now focus on and practice a few broad categories of CSR:

1. Environmental efforts: One primary focus of corporate social responsibility is the environment. Businesses regardless of size have a large carbon footprint. Any steps they can take to reduce those footprints are considered both good for the company and society.
2. Philanthropy: Businesses can also practice social responsibility by donating money, products or services to social causes. Larger companies tend to have a lot of resources that can benefit charities and local community programs.
3. Ethical labour practices: By treating employees fairly and ethically, companies can also demonstrate their corporate social responsibility. This is especially true of businesses that operate in international locations with labour laws that differ from those in the United States.
4. Volunteering: Attending volunteer events says a lot about a company's sincerity. By doing good deeds without expecting anything in return, companies can express their concern for specific issues and support for certain organizations.

## **13. RELATING BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY**

Business leaders and organizations can examine how their decisions relate to social responsibility, which is a general concept that can include social as well as cultural, economic and environmental issues. By integrating business ethics and principles of social responsibility, organizations can make a difference in the world and

enhance their reputation. Corporate social responsibility is a subset of business ethics. This conclusion was made when viewing corporate social responsibility under the normative stakeholder theory, or a philosophy that “affirms that business corporations are ‘morally’ responsible to look after the concerns of a larger group of stake holders which could include owners, customers, vendors, employees and community rather than its stockholders.” Some sources define stakeholders as groups that the organization depends on for its existence.

In this context, corporate social responsibility becomes synonymous with the duties and relationship between the business and the environment that facilitates its existence. And thus, it is not enough to cover certain ethical practices in businesses. For instance, corporate social responsibility does not include the ethicality of how the organization pursues profits or subscribes to political associations.

Corporate social responsibility is related to business ethics, but the former is a narrow topic within the latter area. Businesses should use corporate social responsibility along with processes like corporate governance, corporate outreach and politics, business process redesign and corporate strategy to reconcile with the ethicality of doing business.

#### **14. CSR TRENDS IN INDIA**

India is the first country in the world to make corporate responsibility mandatory following an amendment to the Companies Act 2013 in April 2014. Business can invest their profits in areas such as education, poverty, gender, equality and hunger.

The amendment notified in the schedule VII of the Companies Act advocates that those companies with a net worth ₹ 4.96 billion or more or an annual turnover of ₹ 9.92 billion or a net profit of ₹ 50 million or more during a financial year shall earmark 2% of average net profit of three years towards corporate social responsibility.

Corporate social responsibility motivates companies to be ethically right by contributing socially, economically and environmentally by engaging in acts like,

Engaging members of local community. By using socially responsible investment.

Develop an amicable relationship with employees and consumers.

Engaged in actions which are protecting and sustaining the environment.

#### **15. COMBINING CSR AND SUSTAINABLE DEVELOPMENT**

The concept of sustainable development has a long history in certain industries. The term has been used since the 1700s in the forestry industry to refer to the practice of limiting logging to ensure a future supply of trees. The World Commission on Environment and Development

defines sustainable development as development that meets currently existing needs without making it harder for people to do the same in the future. If a developer cuts down all of the trees in a certain area without planting any new trees, this would not be an example of sustainable development because it would sacrifice future supplies to meet current needs.

World Business Council for Sustainable Development (WBCSD) adds the following three concepts as being the “pillars of sustainable development”.

o Corporate Social Responsibility

o Economic Growth

o Ecological Balance

Sustainable development and corporate social responsibility are distinct but related concepts. Sustainable development refers primarily to issues of environmental impact and economic justice, while corporate social responsibility encompasses broader concerns such as the company's charitable contributions and role in the community. Sustainable development can be a part of a company's social responsibility program.

#### **16. LINKING BUSINESS ETHICS, CSR AND SUSTAINABLE DEVELOPMENT**

All the three terms can be combined in a single thread as an ongoing culture of the business organisations. Even though it differs in their meaning and application but the final result will be the success of the business concerned. Only an ethical person can follow ethical business, then the firm will be ready to fulfil corporate social responsibility as part of survival in the beginning stage then it may be transformed as an organisational culture as they aim for a sustainable development.

#### **17. CONCLUSION**

The issues of sustainable development—a concept that integrates economic success, environmental quality, and social responsibility—are more and more on the minds of business leaders around the world. Companies are finding that the benefits of pursuing a sustainable development approach range from opening new avenues to innovation in products, processes, and stakeholder relationships to accelerating learning organization skills throughout a company. The prospect of making a positive impact on environmental quality and social equity can energize a company from top to bottom. The newest challenge is to develop a set of indicators that demonstrate a company's social accountability.

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