

34. "IS CORPORATE SOCIAL RESPONSIBILITY ETHICAL?" - RECOGNISING ETHICAL ISSUES IN BUSINESS

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ABSTRACT

Corporate Social Responsibility is all about companies playing their responsible part in society and giving back to society and a big part of that is fund raising for valuable cause. Companies engage in Corporate Social Responsibility when they grant benefits to the communities where they work which are neither required by law nor an integral part of their primary objective is profit oriented company. Today, however businesses must also reflect on the legal, ethical, moral and social consequences of their decisions. The purpose of working on this paper is to identify the ethical issues faced by the organization and how the unethical behavior in organization is excessively aggressive to achieve business objectives. Evidences suggest that social corporate responsibility and the maintenance of high ethical standards is not an option but an obligation for all businesses. This paper also draws the inferences that often have the ethical implications of an action are overlooked for personal gain and the benefits are usually material. This frequently manifests itself in companies that attempt to cheat environmental regulations.

KEYWORDS

Profit Oriented, Legal, Ethical, Responsibility, Standards

INTRODUCTION

Corporate Social Responsibility is an ethical theory in which individuals are responsible for fulfilling their civic duty, and the actions of an individual must benefit the whole of the society. Social responsibility is built on a system of ethics, in which decisions and actions must be ethically validated before proceeding. If the action or decisions causes harm to society or the environment, then it would be considered to be socially irresponsible. Social responsibility is an idea that has been of concern to mankind for many years. Over the last two decades, however it has become an increasing concern to this business world. This has resulted in growing interaction between government, businesses and society as a whole. In past, business primarily concerned themselves with the economic results of their decisions. Today however businesses must also reflect on the legal, ethical, moral and social consequences of their decisions. Many social advocates believe that businesses should not only make a

profit but also consider the social implications of their activities. Social responsibility is defined as a business's obligation to maximize its positive impact and minimize its negative impact on society. Business ethics relates to individuals or a work groups decisions that society evaluates as right or wrong, where as social responsibility is a broader concept that concerns the impact of the entire business's activities on society.

Social responsibility and ethics applies in both individual and group capacities. Businesses have developed a system of social responsibility that is adapted to their company environment. If social responsibility is maintained within a company, then the employees and the environment are held equal to the company's economics. Maintaining social responsibility within company ensures the integrity of society and the environment is protected.

Business ethics are principles and standards that determine acceptable conduct in business organizations. The acceptability of behavior in business is determined by not only the organization but also stakeholders such as customers, competitors, government regulators, interest groups and the public as well as each individual's personal principles and values. Many experts agree that ethical leadership, ethical values and compliance are important in creating good business ethics.

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.

REVIEW OF LITERATURE

Study conducted by Sean Valentine (2008) explores several proposed relationships among professional ethical standards, corporate social responsibility and the perceived rate of ethics and social responsibility

and the perceived rate of ethics and social responsibility. The findings of the study suggested that professions should develop ethical standards to encourage social responsibility since, those actions are associated with enhanced employee ethical attitudes.

Gary Fleischman (2008) presents that companies offer ethics codes and training to increase employees' ethical conduct. These programs can also enhance individual work attitudes because ethical organizations are typically valued. This study results indicated that corporate social responsibility fully or partially mediated the positive associations between four ethics.

Duygu Turker (2009) shows a growing number of studies that have investigated the various dimensions of corporate social responsibility in the literature. The findings of the study revealed that CSR to social and non social stakeholders, employees and customers were the significant predictors of organizational commitment.

OBJECTIVES OF THE STUDY

- 1.The paper attempts to track the ethical issues faced by the organization.
- 2.To identify factors that necessitates corporate social responsibility.
- 3.To draw the principal causes of unethical behavior in organization.

METHODOLOGY

The researchers conducted on secondary research on the published literatures available through online database N list. The data collected was conceptualized in maintaining high ethical standards which is not an option but an obligation for all business.

RECOGNIZING ETHICAL ISSUES IN BUSINESS

Recognizing ethical issues is the most important step in understanding business ethics. An ethical issue is

an identifiable problem, situation or opportunity that requires a person to choose from several actions that may be evaluated as right or wrong, ethical or unethical.

One of the principal causes of unethical behavior in organization is overly aggressive financial or business objectives. Many of these issues relate to decisions and concerns that managers have to deal with daily.

Ethics of multi corporations involved actions that are morally upright. It is common knowledge that most of the activities engaged by corporations 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 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 of 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.

Corporate Social Responsibility makes it clear that it is certainly unethical for the corporations to be making profits at the expense of the environment and other aspects of human life.

ETHICAL BEHAVIOR IN BUSINESS INCLUDES THE FOLLOWING

1. Builds customer Loyalty

A loyal customer base is one of the keys to long range business success. If consumers or customers believe they have been treated unfairly, such as being overcharged, they will not

be repeat customers. Conversely, a reputation for unethical dealings hurts the company's chances to obtain new customers. Dissatisfied customers can quickly disseminate information about their negative experiences with the company.

2. Retain good employees

Talented individuals at all levels of an organization want to be compensated fairly for work and dedication. Companies who are fair and open in their dealings with employees have a better chance of retaining the most talented people.

3. Positive work environment

Employees have a responsibility to be ethical. They must be honest about their capabilities and experience. Ethical employees are perceived as team players rather than as individuals.

4. Avoid Legal Problems

It can be tempting for a company's management to cut corners in pursuit of profit such as not fully complying with environmental regulations or labor laws, ignoring worker safety hazards or using sub standard materials in their products. The penalties if caught can be severe, including legal fees and fines or sanctions by governmental agencies. The resulting negative publicity can cause long range damage to the company's reputation that can even be more costly than the legal fees or fines.

PRINCIPLE CAUSES OF UNETHICAL BEHAVIOR IN THE ORGANIZATION

1. Misusing Company Time

One of the most regularly revealed "bad behaviors" in the workplace is the misuse of company time. This category includes knowing that employees are directing personal business on company time, staff appearing late, extra breaks or falsifying timesheets. These negative behavior patterns can rapidly spread to different workers. It can also cultivate hatred amongst employees, severely influencing

morale and efficiency.

2. Unethical Leadership

Having a personal issue with the boss or manager is a certain thing, yet reporting to a person who is acting dishonestly is another. This may come in a clear form, such as manipulating numbers in a report or sending company money or improper activities; nonetheless, it can also happen more finely, through discrimination, accepting inadequate gifts from suppliers or requesting that you avoid a standard system just once. With studies demonstrating that managers are responsible for 60% of workplace wrongdoing, the abuse of leadership authority is a disastrous reality.

3. Lying to Employees

The quickest way to lose the trust of your employees is to lie to them, but managers do it constantly. One out of every five workers reports that their supervisor or manager has lied to them within the previous year.

4. Harassment and Discrimination

Organizations must select a various workplace authorize policies and training that help an equivalent open door program and encourage a situation that is respectful of a wide range of people. When harassment and discrimination of employees based on ethnicity, race, gender, handicap or age occur has a moral line been crossed as well as legitimate one also?

5. Violating Company Internet Policy

Cyberloofers, Cyberlackers. These are terms used to recognize people who surf the web when they ought to work. It's a huge, multibillion dollar issue for organizations. Everyday at least 64% of employees visit sites that have nothing to do with their work.

investor's financial goals with their obligation and dedication to factors that ensure the well being of society such as environment friendly practices, economic growth and justice in society. These elements are not only aspects of corporate social responsibility but also a show of the ethical standards of a company. It is unethical for some individuals to own so much and earn so much, at the expense of others suffering members of society as well as employees of the organization. It is also unethical for companies to engage in environmentally degrading practices that result in illness and loss of life.

There are a number of reasons why organizations invest in socially responsible activities. Organizations may engage in CSR activities because of selfless intentions, positive effect on employee motivation, retention and recruitment or customer related motivation etc. No matter for what reasons organizations invest in CSR, all reasons lead to better corporate reputation. As a result, organizations should not treat CSR only as a promotional opportunity. It is concluded that corporate social responsibility and the maintenance of high ethical standards is not an option but an obligation for all business.

CONCLUSION

The paper has shown that Corporate Social Responsibility is a vital element for any business corporation. Social responsibility investment combines

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