

## CORPORATE SOCIAL RESPONSIBILITY AND ETHICS

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### ABSTRACT

*When it comes to the decision-making process that we participate in across all facets of our lives, it is a widely held opinion that ethics and corporate social responsibility play a significant role in the decision-making process. In addition, it serves as a catalyst for the acceleration of the general development process of a country, which is a significant benefit. In view of the fact that India is the second most populated country in the world and that the majority of its people does not have access to essential utilities, it is necessary that additional efforts be made as part of the policies and programs that control national health care. This is because India is the country with the second highest population worldwide. Every single individual is aware of the fact that the primary objective of a business is to accumulate financial gain. However, the production of a profit is not the only activity that a firm is involved in during its existence. As a result of the fact that it is a member of society, it is responsible for a variety of various social duties. When it comes to protecting those persons who are essential to the organization's continued existence, it does all in its power. The application of ethical concepts within the framework of the corporate world is what is meant by the terminology of "business ethics." This demonstrates that ethical business methods can and have been used to effectively manage profitable enterprises in the past. Currently, there is an increasing amount of attention being given to the moral ramifications of business as well as the application of moral principles in the context of economic transactions. This focus is taking place in a number of different ways. The issues of business ethics and corporate social responsibility are explored in detail in this study. Additionally, the factors that inspire Indian firms to participate in social responsibility activities are also investigated in depth.*

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**Keywords:** Corporate Social Responsibility, Ethics, Economic Growth.

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### Introduction

Both Corporate Social Responsibility (CSR) and ethics are essential elements of contemporary business practices. CSR and ethics are a representation of a company's commitment to conducting its operations in a manner that is both socially responsible and ethical. The term "Corporate Social Responsibility" (CSR) refers to the voluntary actions conducted by a corporation in order to evaluate and accept responsibility for the influence that it has on social, environmental, and economic concerns. This extends beyond merely complying with rules and regulations and include measures that make a beneficial contribution to society as well as the environment. The concept of ethics, on the other hand, refers to the moral principles and values that serve as a foundation for decision-making and conduct inside organizational settings. When it comes to doing business, ethical practices comprise executing operations in a manner that is in accordance with ideals such as honesty, integrity, fairness, and respect for any stakeholders involved. Both corporate social responsibility (CSR) and ethics have grown more

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crucial for firms in today's linked world. Not only do customers, investors, workers, and communities anticipate that businesses will provide financial returns, but they also anticipate that these businesses will exhibit a commitment to social well-being, ethical behavior, and economic sustainability. Enhanced reputation, higher customer loyalty, improved staff morale and productivity, decreased risk of legal and regulatory concerns, and access to new markets and investment possibilities are just some of the benefits that may accrue to organizations as a result of effective corporate social responsibility (CSR) and ethical practices. Nevertheless, the implementation of corporate social responsibility (CSR) projects and the maintenance of high ethical standards can cause difficulties for businesses. These difficulties might include striking a balance between short-term profitability and long-term sustainability, navigating complicated supplier chains, and ensuring openness and accountability in reporting. Additionally, it is vital to include corporate social responsibility (CSR) and ethics into company plans in order to generate value not just for shareholders but also for society as a whole. Companies have the ability to make a contribution to the development of a world that is more sustainable, egalitarian, and prosperous if they adopt these values.

### **Objectives**

- To research the concept of corporate social responsibility.
- To educate oneself on business ethics.
- To research economic expansion.

### **Corporate Social Responsibility (CSR)**

By way of illustration, the United Nations Covenant on the Rights of the Child is an example of the current discussions and attempts for the standardization of global corporate social responsibility. The United Nations Global Compact was founded in the year 2000 with the purpose of solving four key concerns: human rights, labor, the environment, and anti-corruption. These topics were originally outlined in the United Nations Charter. In addition to this, it accepted the notion of corporate social responsibility (commonly known as CSR) as a norm that is acknowledged throughout the worldwide community. The Organization for Economic Cooperation and Development (OECD) and the International Standardization Organization (ISO) have both taken steps to internationalize corporate social responsibility (CSR). These steps were taken in order to achieve the goal of internationalizing CSR. Corporate social responsibility (also known as CSR) may soon eliminate trade obstacles, according to the efforts that are being made toward worldwide standards. As a consequence of this, companies will be required to react in a manner that is more determined and proactive. According to Sang-Jun et al. (2019), a new viewpoint on corporate social responsibility (CSR) has received a lot of attention as efforts toward worldwide standards have increased and environmental and ethical concerns of corporations have become key local issues. In light of these recent occurrences, this fresh viewpoint has been garnering more and more attention. The vocabulary that is used to define corporate social responsibility might vary. Corporate citizenship, corporate responsibility, social accounting, sustainable business, and, lastly, corporate social and environmental responsibility as well as corporate social performance are some of the titles that identify this idea, as stated by Fernando et al. (2015). These are only some of the terms that are used to refer to this concept. Rather than providing a definition of corporate social responsibility, all of the definitions refer to it as a phenomena. This is an interesting aspect to take into consideration. This is a really intriguing observation that someone has made. A number of definitions suggest that in order to increase people's quality of life without resorting to the use of force, businesses are expected to make a "commitment" to cooperate with society, promote sustainable economic development, and improve the environment. This is done in order to elevate the quality of life of people.

Legal, ethical, and economic are the three primary factors that may be used to classify corporate social responsibility, which is sometimes referred to as CSR. The principles of corporate social responsibility (also known as CSR) came into existence as a result of the acknowledgement that the business ethics of a firm must integrate an economics of responsibility. One consequence of this is that the outmoded idea of capitalism, which is founded on the principle of laissez-faire, is being replaced by determinism, individualism is being replaced by government control, and personal accountability is being replaced by societal responsibility. As far as this conversation is concerned, the phrase "utilitarian" can also be used interchangeably with the term "instrumental theories." The social efforts of businesses are viewed as nothing more than a way to attain financial aims, according to these ideas (Maimunah, 2009). These theories regard corporations to be little more than vehicles for the development of money. Businesses should not be just concerned with maximizing their profits; rather, they should also be concerned with finding a middle ground between commercial activity and social or environmental

responsibility. Our company has a difficult dilemma when it comes to whether or not to participate in corporate social responsibility since doing so is advantageous to our firm. We are not doing this because it is a pleasant thing to do or because we are being pressured by society to engage in such conduct. Companies that have a strategic viewpoint are the ones who adopt corporate social responsibility, and this is demonstrated by the fact that their financial performance is enhanced in contrast to that of companies that do not consider CSR as a method of boosting profits. It is clear that there is a correlation between the two.

The pressure that is being put on firms all around the world to participate in more ethical business practices comes from not just customers but also governments. Corporate social responsibility (CSR) is incorporated into the business operations, mission statement, human resources strategies, environmental laws, norms, and values, as well as the culture of an organization, with the intention of ensuring that customers and other relevant parties are satisfied. This is done with the goal of ensuring that the organization's culture is also satisfied.

There are a great number of examples of problems that may be classified as belonging to the department of corporate social responsibility. These include, but are not limited to, equitable compensation, favorable working hours and conditions, health insurance, job security, and protection from termination without cause. For many businesses in the United States, providing insurance to those who do not have it is one of the most significant components of their corporate social responsibility (CSR) initiatives. In 2004, a number of Starbucks stores around the United States made the statement that they would give health insurance to all of its workers who worked for more than twenty days per month. This policy was enforced against employees who worked for less than twenty days per month. It would appear that such programs are no longer customized to the requirements of restaurant franchises in Germany or the United Kingdom. This is the case. Under the National Health Service, which is supported by taxes paid by businesses and other people who are subject to taxation, health insurance coverage is available to all persons who are citizens of the United Kingdom. There is a regulation in Germany that sets the amount of the monthly payment that both the employer and the worker are required to pay. In addition, it is essential for every worker in Germany to participate in a health insurance plan.

#### **Different Types of Social Responsibility**

The concept of corporate social responsibility may be broken down into four substantial categories, which are as follows:

- **Economic Responsibility:** Due to the fact that a commercial organization is fundamentally an economic entity, the primary social responsibility that it falls under is to earn profits by creating goods and services that are required by society. There is not much space for discretion when it comes to carrying out this responsibility.
- **Legal Responsibility:** Every company is required to comply with the laws of the nation in which they do their operations. In light of the fact that these restrictions are intended to be of value to society as a whole, a business that meets the requirements of the law is also considered to be socially responsible.
- **Ethical Responsibility:** The implication of this is that the organization is obligated to conform to the standards of society rather than the formal requirements of the law. In the context of product marketing, one example would be to take into account the religious views and dignity of certain individuals. The exercise of one's free will is necessary in order to fulfill this obligation.
- **Discretionary Responsibility:** This refers to tasks that are taken on by a company on a completely voluntary basis, such as supplying educational institutions with instructional resources or providing assistance to persons who have been affected by natural catastrophes such as earthquakes or floods. Protecting the capital investment is the responsibility of the management of the company's assets. This is accomplished by avoiding participating in speculative activity and instead focusing only on engaging in commercial initiatives that are financially sound and provide substantial returns on investment.

#### **Problems with CSR Implementation**

Generally speaking, public policy and business strategy are the two primary factors that are responsible for corporate social responsibility (CSR). However, there are more drivers than there are firms in the world. Given that companies operate inside and alongside society, it is reasonable to assume that they are aware of the requirements and preferences of the broader public. Consequently, this indicates that businesses are under a greater amount of pressure to provide good outcomes while

simultaneously minimizing the effect of bad ones that might potentially cause damage to the general public. It is possible for businesses to vary from one another and from one area to another in terms of their social responsibility practices. This is because businesses may operate in a wide variety of sectors and in a variety of geographic regions. When it comes to corporations who are interested in embracing social responsibility, this presents a big challenge. Therefore, environmental responsibility and corporate social responsibility are not only significant but also very important problems for any company operating in the current world. As a benefit to society and industry, it is possible to deal with altering public needs and expectations, moral duties, resource restrictions, enhanced social settings, and other similar factors. According to Tomba and Sanjoy (2013), there are some company owners who choose not to participate in corporate social responsibility (CSR), despite the fact that CSR benefits both businesses and society. There are a number of reasons for this decision. The urge to maximize profits, the cost of social participation, a lack of social skills, a lack of responsibility, and the inability of businesses to make moral judgments are some of the causes that contribute to this phenomenon.

### **Business Ethics**

Since the beginning of this century, there has been a dramatic growth in the significance of ethics in the workplace. Any and all ethical considerations that may arise in the course of doing business are included by this all-encompassing term. It is a representation of the standards, regulations, symbols, or values that managers ought to adhere to while making decisions about the operations of the organization and its interactions with the community. In light of the fact that it is relevant to every aspect of business activity, it has an effect on the behavior of individuals as well as the whole organization. While it comes to ethics, they are the principles that a person or group adheres to while making decisions about what to do in a certain circumstance. Therefore, the norms that are created by ethics address the issue of whether the activities and choices of an organization are beneficial or detrimental (Godfrey et al, 2016). It covers the internal values that are the foundation of the business culture, in addition to having an impact on the decisions that are made on corporate social responsibility in relation to the external world. There is a distinction to be made between values and ethics. On the other hand, morality functions as the focal point of ethics, while values are the subjective evaluations that determine the behaviors of a person. The concept of values is crucial to ethics since it pertains to thoughts about what is good and wrong. It is in the best interest of all parties concerned, including employees, customers, and the government, to ensure that companies conduct their operations in line with the highest ethical standards.

In point of fact, the law is responsible for defining the limits of what constitutes acceptable and unacceptable conduct for the general population. Nothing more than laying down the basic rules for proper behavior is accomplished by doing this step. On the other hand, it is possible that doing what is legally necessary is not necessarily the appropriate thing to do. It is not enough to just adhere to the letter of the law in order to demonstrate ethical behavior. It is possible that the precise rules and procedures that are outlined in an organization's policies and procedures will serve as a better guide for decisions that are made on a daily basis. In conclusion, it is important to note that neither the law nor the policy of the organization should determine how employees should behave ethically when confronted with a situation. As a matter of fact, Godfrey et al. (2016) state that the culture of an organization has the potential to either strengthen or weaken the concept that employees should behave in an ethical manner. As a result, the way in which companies should conduct themselves in their day-to-day dealings with diverse stakeholder groups is determined by the principles of business ethics. In light of the fact that the organization is both a legal entity and a collection of human beings, it is seen to exist inside a more comprehensive framework of interconnected systems. The central tenet of normative stakeholder theory is the notion that the moral philosophy and ethics of an organization are fundamental due to the fact that the company's internal activities have an effect on the stakeholders that have been designated. Every decision must include an inherent moral value and take into account the interests of all relevant parties. This is in addition to the consideration of the bottom line of the company.

### **Elements of Business Ethics**

Considering that moral conduct in the workplace is beneficial to both the firm and society as a whole, it is reasonable to discuss the ways in which companies might incorporate ethics into their day-to-day affairs. When it comes to operating a firm, the following are some critical aspects of business ethics to consider:

- The commitment of top management: It is vital for top management to make a commitment in order to effectively lead the whole business in the direction of morally upright conduct. The Chief Executive Officer (CEO) and other top management members are required to make a public and

unwavering commitment to ethical conduct in order to achieve the desired results. The provision of constant leadership in the process of developing and maintaining the organization's values is a requirement which they must fulfill.

- The publication of a "Code": Companies that have robust ethics programs establish the norms of conduct for the whole firm in written documents that are referred to as the "code." This often entails matters such as fundamental integrity and adherence to the law, the quality and safety of goods, the health and safety of the workplace, conflicts of interest, employment procedures, equality in marketing and sales techniques, and the reporting of financial information.
- The establishment of compliance processes: When it comes to ensuring that genuine decisions and actions are in accordance with the ethical standards of the company, appropriate measures should be put into place. These mechanisms may include, but are not limited to, the following: placing an emphasis on corporate ethics in training; conducting frequent performance audits to assess compliance; putting in place communication systems to assist staff members in reporting instances of unethical behavior; and taking into consideration values and ethics when recruiting and hiring new employees.
- Participation of staff members at all levels: In order to make ethical business practices a reality, it is necessary for staff members at all levels to accept moral guidelines. Because of this, their involvement in ethical programs becomes very necessary. For instance, employees could meet together in small groups to discuss the important ethical norms that their firms have in place and to find out how they feel about such regulations.
- Measuring Results: Although it may be challenging to accurately measure the results of ethics programs, organizations have the ability to conduct audits to ensure that moral standards are being adhered to. It is necessary to have a meeting with the senior leadership group and other members of the staff in order to discuss the results and decide what the future steps will be.

### Conclusion

The issues of business ethics and corporate social responsibility have been the primary focus of research projects and topics of contention in the present day. This has been the case throughout the course of history. In order to provide a review of the literature on the concepts of corporate social responsibility (CSR) and business ethics, as well as their vital link that needs to be taken into consideration as an important component in the growth of both the company and society, the purpose of this research was to achieve the goal of providing a review of the literature. When it comes down to it, this paper has three objectives that it endeavors to achieve. Here are those objectives. The first thing that we want to do with this project is to come up with a definition of the term "corporate social responsibility." Following this, it makes an attempt to explain the ethics that are involved in doing business. This article concludes with a discussion on the topic of the ways in which these ideas are related to one another. There are a variety of diverse industries all around the globe that are experiencing the current global economic, social, and environmental depression at the same time. The deterioration of moral and social norms of ethics is one of the key causes that is contributing to this issue with increasing frequency. Therefore, the article demonstrates that ethics cannot be a choice that a corporation makes based on convenience, nor can it be something that top management is needed to teach to its officers and workers. Both of these things are not possible. In a nutshell, the essay proves that ethics cannot be these things via its arguments. Furthermore, the adherence of ethical standards by a corporation cannot be utilized as a point of display to convey to the general public that the company is fulfilling its commitments and obligations related to social responsibility.

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