

Ethical Dimensions of Business

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ABSTRACT:

While operating a business, the Business, as well as Businessmen, should undertake a few ethical steps and fulfil a few general responsibilities for the benefit of the company and society which are called Corporate Social Responsibilities. If this is not taken care of, the businessman is deemed to have a bad personality. It not only affects the profitability of the business, but also brings down the goodwill of the firm. There are two major ethical dimensions of business from which the businessmen can opt out. The question remains, which set of Ethical dimensions and in what ways, is more important- Corporate Social Responsibilities or Business Ethics - which refers to decisions made by the proprietor for the internal working of the Business.

Keywords: Corporate Social Responsibility, Business Ethics, Stakeholder Engagement Strategies, CSR Reporting, Profitability Strategy Maximization Bangladesh CSR analysis

INTRODUCTION:

In addition to earning profits, a business must render service to the society. Like any other individual or institution, a business enterprise too has some obligations towards the society. The social obligations of business may be defined as the personal obligations of businessmen to ensure that they do not impinge upon the legitimate rights of others while acting in their own interest. Businessmen must review their actions and decisions which must prevent adverse negative affects on society. The 2 major ethical dimensions of a Business are Corporate Social Responsibility and Business Ethics, which should be practised in order to earn goodwill and provide service to society.

Every occupation has its own ethics. Ethics become meaningful only when they are understood with reference to the decisions and actions of individuals in a particular field of activity. Ethical behaviour on the part of all those engaged in business has its roots in various aspects of contemporary society. Finding out an answer to this intrusive question would be a challenging task as Business Ethics is not directly related to CSR. Nevertheless, balancing both these in a 50-50 ratio is very excruciating and tough for the owners. So it would be wise to judge that if Business Ethics is more important, CSR can be compromised. However, if CSR is more important, then Business Ethics can be compromised.

LITERATURE REVIEW:

Philip L. Cochran's Evolution to Corporate Social Responsibility and profitability, perhaps the most important intellectual breakthrough regarding modern conceptions of CSR is that socially responsible activities can, and should, be used to enhance the bottom line. Firms that successfully pursue a strategy of seeking profits while solving social needs may well earn better reputations with their employees, customers, governments, media, et cetera. This can, in turn, lead to higher profits for the firms' shareholders. Nonetheless, it is important to understand this does not mean that firms which engage in

socially responsible activities will always be more successful. Canadian Center of Science and Education showcases that Organization is a legal person, with all the rights accorded to her by law. Organization as a person has its economy and social life side by side.

The economic life stressed on the financial well-being of the organisation and its stakeholders. While social life gives human nature to organisation. Human nature cares for one another. In the process of caring, the profitability of the organisation should not be subjected to debate. Emezi Charles Nwaneri's Impact of Corporate Social Responsibility (CSR) on Organisation Profitability CSR is a long-term investment or commitment which all organisations should undertake in line with their corporate mission and vision.

CORPORATE SOCIAL RESPONSIBILITY

There have long been conflicting expectations of the nature of a company's responsibilities towards the society. However, for those businesses that undertake what might be termed "corporate social responsibility", what is actually socially responsible behaviour, as opposed to management of corporate image or other activity aimed predominantly at business benefits? This paper aims at providing a deep analysis of the working of CSR with respect to Business Ethics.

A. STAKEHOLDER'S ENGAGEMENT STRATEGY

Stakeholders' engagement at a strategic level represents one of the key dimensions that affects companies' performance, directly impacting on the decision-making process. Despite many theoretical studies focused on the relevant role of stakeholders' engagement in the value creation process of organisations, many issues are not adequately addressed in managerial practices.

Firms' capability to develop sustainability-oriented innovation (SOI) can be enhanced by stakeholder engagement (SE) in order to acquire a wide range of external knowledge to support innovation efforts and outcomes.

While we understand some of the transactional and relational attributes at stake for firms to leverage engagement with external stakeholders, we do not yet fully understand all the underlying mechanisms that are conducive to greater SOI outputs. At the same time, stakeholder theory emphasises the importance of such engagement for firms' financial performance (FP), even though the related findings are far from conclusive.

B. CSR REPORTING

CSR reporting, or Corporate Social Responsibility reporting, is the process through which companies communicate their social and environmental performance. It involves disclosing information about the organisation's impact on society, including its efforts towards sustainability, ethical practices, and contributions to social well-being. Profit growth is one of the indicators used by stakeholders to know the company's financial performance before.

The high-profit growth represents financial performance as well. The emergence of the obligation to disclose Sustainability Reporting including CSR affects financial performance and profit growth. This study intended to know the effect of financial performance on profit growth moderated by CSR disclosure. Financial performance was measured by using Net Profit Margin (NPM), Return on Equity (ROE), Current Ratio (CR), and Debt to Equity Ratio (DER). The population was 42 consumer goods industry sector companies registered on the Indonesia Stock Exchange from 2014 to 2016.

The study used a purposive sampling method and obtained 75 analysis units from 15 companies with 5 years of observation. The data analysis technique used moderating regression analysis with SPSS. The

study showed that NPM had a significant positive effect on profit growth, whereas ROE, CR, and DER did not. CSR could moderate the effect of NPM, ROE, and DER to profit growth, but it could not moderate the effect of CR to profit growth.

C. ENVIRONMENTAL CORPORATE SOCIAL RESPONSIBILITY

Environmental Corporate social responsibility is rooted in preserving the greenery and health of the environment . A company can pursue environmental stewardship by reducing pollution and emissions in manufacturing, recycling materials, replenishing natural resources like trees, or creating product lines in order to practise CSR.

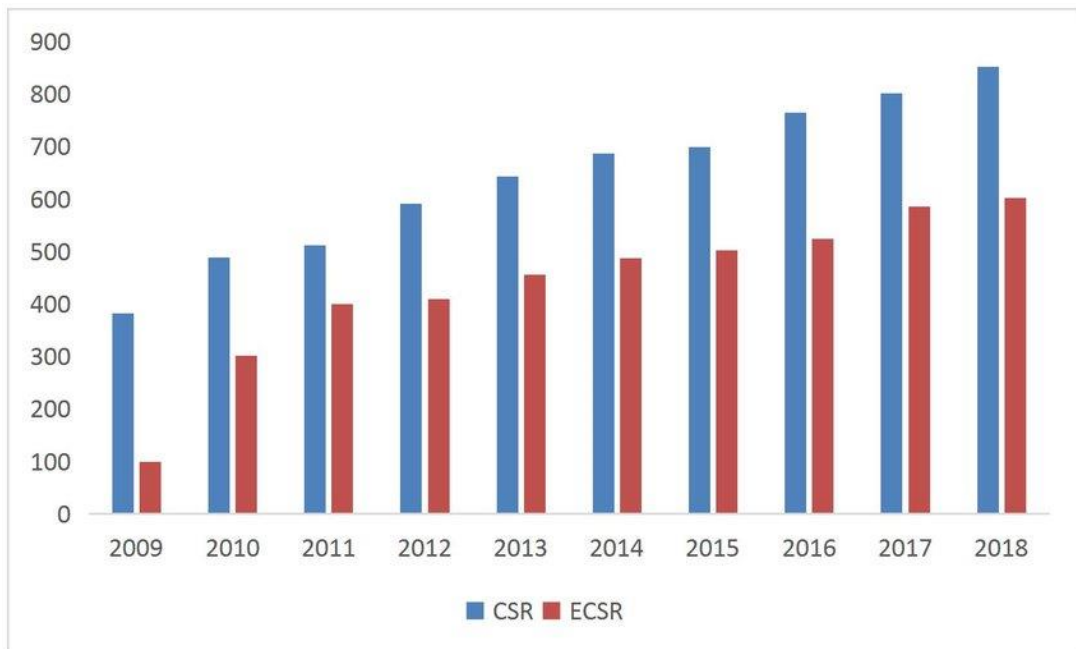


FIGURE 1. GROWTH OF CSR AND ECSR IN 10 YEARS

PROFITABILITY MAXIMIZATION STRATEGIES

The primary interest of a business is to earn profit, which emphasises one's own interests at others' expense. To be profitable it is necessary to be maximally productive and efficiently allocate its resources through the benefit of the customers, employees and other stakeholders. Facing intense pressure from stakeholders and realising that CSR enhances the reputation of an organisation, brings in new business and improves stakeholder return, awareness about Corporate Social Responsibility is rapidly increasing among Bangladeshi corporate culture. Though the government has no explicit policy on CSR, Bangladesh Bank has made it mandatory for Banks to practise CSR, and some of the ministries, are encouraging private industry to engage in CSR activities, which are also tax deductible. Some companies for instance, Grameenphone, IDLC Finance, BRAC Bank and Nestle Bangladesh Ltd have a separate unit for CSR activities. Some Social Responsibility practising companies do not follow the labour laws properly. Profit is the main focus of most of the companies even in exchange of the life of their employees. To address the above mentioned scenario, this study focuses on how employee satisfaction can be achieved through Corporate Social activities for not only improving corporate governance, labour rights, workplace safety, fair treatment of workers, community development and environment management, industrialization and ensuring global market access but also for profit maximisation.

CONCLUSION

This research paper shows a deep inter-relation between Corporate Social Responsibility and profitability of a business. Significant elements of Corporate Social Responsibility like Stakeholder Engagement Strategies, CSR Reporting, Profitability Strategy Maximization and Bangladesh CSR analysis educates us about how beneficial they can be for the business enterprise. Furthermore, the importance and role of Social Responsibilities have been researched after assuming profit as the main motive of business. While CSR remains to be a complex set containing various sorts of sub headings and patterns, Business Ethics is a far more simple set of behavioural conduct that should be practised by Business owners on a regular basis. With the proofs and examples provided above, it is safe to say that a business enterprise would not only suffer from a bad reputation but its profit efficiency and working environment would also be harmed undoubtedly, if the practice of Corporate Social Responsibility is negatively altered. Corporate Social Responsibility (CSR) stands as a cornerstone of ethical business practice, transcending mere adherence to standards. While business ethics serve as a fundamental framework for integrity in commerce, CSR elevates this ethos by actively engaging with communities, fostering sustainable practices, and promoting positive societal impact. In essence, CSR not only upholds ethical principles but also embraces a broader responsibility to contribute meaningfully to the world, making it indispensable in the realm of contemporary business.

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