



ROLE OF CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS ETHICS IN BUSINESS

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Abstract

In today's business environment, it's more important than ever to strive for strong ethical behavior. When companies operate without transparency, honesty, and kindness, they risk legal and financial repercussions as well as loss of credibility in the eyes of customers and other stakeholders. Business ethics and Corporate Social Responsibility play an important role in business. Business ethics means a set of standards to be followed within the organisation where as Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. This study is qualitative in nature based on the literature about both CSR and business ethics. This study also explains the role of Corporate Social Responsibility and Business Ethics in business. Thus its concluded that both concept are important for the business, business ethics mainly deals with internal affairs whereas Corporate Social Responsibility deals with external affairs, which help to create a brand image among the customers.

Key words : Corporate Social Responsibility, Business Ethics, Brand image, Stakeholders

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Business Ethics

Ethics is a set of principles or standards of human conduct that govern the behaviour of individuals or organizations. These ethical standards in an organization regulate the behaviour to distinguish between what is right and what is wrong in the

organisation. Business ethics is a form of applied ethics or professional ethics that examines ethical principles that can arise in a business. Business Ethics is also known as Corporate ethics and is applied to all aspects of business. It is relevant to the conduct of individuals and entire organizations. The main



sources from which ethical values are derived are culture, marketplace, religion, legal system, society, nature and genetic inheritance.

Elements of Business Ethics

(i) A Formal Code of Conduct:

The Code of conduct is written statements of organizational values. It is important for businesses to have an ethics code, in writing which will help the employees know what is expected of them by the organisation. The code should include the managements desire to incorporate the values and policies of the organization.

(ii) Code of Ethics:

It is important for the management to have a code of ethics for his business and is unwritten for businesses. It usually specifies methods of disciplinary action for violation and a structure of manner to be followed by the employees in the organisation. A code of ethics must summarize the beliefs and values of the organization.

(ii) Ethics Committee:

Ethics committees mainly involve preparing the code of conduct, and resolve ethical problems in the organization. They formulate ethical policies and develop ethical standards to be followed. They should also evaluate that the organisation follows these ethical standards. The committee members should be conscious about the corporate culture

Corporate Social Responsibility

Corporate social responsibility (CSR) is a self-regulating business model that helps a company to be socially accountable to itself, its stakeholders, and the public. Corporate Social Responsibility is also called corporate citizenship. By practising Corporate Social Responsibility practices the companies can create a good image in all aspects of society including social, economic and environmental. Corporate social responsibility is a gesture of showing the company's concern & commitment towards society's sustainability & development. CSR is the ethical behaviour of a company towards society. As important as CSR is for the community, it is equally valuable for a company to create a stronger

bond between employees and corporations and boost morale that help both employees and employers feel more connected to each other. These are the different interest groups to whom the company is responsible that's responsible towards society, owners, government, shareholders, employees, suppliers, consumers.

❖ Responsibility towards society

The business should provide good product to customers and try to maintain clean environment and eco-friendly product, they have to provide a platform to work for society as well as overall development of the society.

❖ Responsibility towards government

When business pay taxes to government by following the norms of the government, then it's consider as social responsibility of business which is duly fulfilled.

❖ Responsibility towards Owners

The main responsibilities of business towards its owners are to run the business efficiently and effectively. They have to check that the resources are properly used and ensure the growth and appreciation of capital. By running the business efficiently the business will get regular and fair return on capital invested.

❖ Responsibility towards shareholders

The business have to ensure safety of their investment. It's the duty of the business to provide regular payment of interest and timely repayment of principal amount.

❖ Responsibility towards Employees

Business needs employees or workers to work for it. These employees put their best effort for the benefit of the business. So, it is the prime responsibility of every business to take care of the interest of their employees. If the employees are satisfied and efficient, then the only business can be successful.

❖ Responsibility towards its employees

The main responsibility of business towards its employees is providing regular and timely payment of wages and salaries. Provide proper and smooth working condition. They should include good welfare amenities and also a platform for their career



growth. They should ensure job security, group insurance facilities, retirement benefits etc. Timely training will help both the employees as well as the business.

❖ **Responsibility towards Suppliers**

Suppliers are businessmen who supply raw materials and other items required by manufacturers and traders. The main responsibilities of business suppliers include availing reasonable credit period, timely payment of dues, dealing in fair terms, giving regular order for the purchase of goods.

❖ **Responsibility towards Customers**

The most important responsibility of business towards customers is providing good quality products at affordable price. They must ensure that the products are supplied regularly.

Difference between Business Ethics and Social Responsibility

Business ethics and social responsibility are often used in an organisation, but there is a distinction between the two terms. Business ethics refer to the ethical principles that guide businesses in their decision making and these principles can be internal, such as a company's code of conduct. Social responsibility, refers to the voluntary actions that a business takes to address social issues and this can include initiatives such as environmental sustainability programs. While business ethics are about following the rules and regulation while corporate social responsibility is beyond that. The main difference between business ethics and social responsibility is that social responsibility takes into consideration the impact of a company's actions on society, while business ethics deals with how companies interact with their employees and customers. Both concepts are important for organizations, but it's important to understand the distinctions so that you can create an ethical framework for business.

Role of Business Ethics and Corporate Social Responsibility in Business

Business ethics and social responsibility are two concepts that are closely linked. The main role played by both the concept include:

❖ **Create a better working environment**

Business ethics promote fairness, trust, and transparency among employees of the organization. Business ethics helps to protect the interest of both the employees as well as organisation. Businesses that respect the employees and treat them fairly, can create a better working environment with a strong and unified team of employees.

❖ **Better sales and profitability**

In order to attract and maintain customers it is important for businesses to maintain a positive reputation. Customers are more likely to purchase from a company that they know is honest and trustworthy. Business ethics provide a framework for organizations to adhere to and helps to build customer trust and loyalty, which leads to increased sales and profitability.

❖ **Minimize legal risks**

Businesses that follow ethical principles ensure that their business practices and behaviours are within the boundaries of the law. Such companies are less likely to create unethical practices, thus minimize their legal risks.

❖ **Maintain a positive reputation**

Social responsibility encompasses the idea of corporate social responsibility, which involves organizations taking responsibility for the impact of their actions on society and the environment. By taking responsibility for their actions, organizations can help to combat climate change and improve public health. Companies that are socially responsible often have a better reputation and attract more customers, as well as employees who are committed to the company's mission.

Conclusion

Businesses that give priority to ethical behaviors and social responsibility ultimately benefit from improved profitability, employee engagement, and customer loyalty. As businesses continue to grow and expand, it is important for business to remain ethical and socially responsible to their stakeholders. This will help to align their actions and decisions with their corporate values, which increase their reputation and help to sustain their profits.



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