

## Corporate social responsibility and business ethics in the e-economy

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### Abstract

Corporate social responsibility and business ethics in the old vis-à-vis the new economy. The belongings of globalization and its force on the change from the industrial to the digital era are explored. Though the behaviour of business organizations has always had a reflective worldwide impact, with the refuse of the nation state economic power has, for the first time, worn political power. At the same time, the undergoing uprising in modern in order and message technologies has notably empowered the customer. Responding to enhanced customer awareness and sympathy to business and social accountability issues -coupled with consumers' increasing capability to respond- companies in the digital age may be probable to develop even stronger cultures of corporate social responsibility, proactively seeking to increasingly honour their moral obligations to society in the 21st century.

Ethical issues are a region of the corporate world that most businesses contract with on a regular basis. The significance is rising with the continuous progress of technology. Companies require being conscious of ethical obligations of their products and decisions. Time alone is a difficulty that occurs due to the fact that companies can access individuals' information on the history of the websites a person has visited to develop customer trends through cookies, web bugs, and other means. This paper will look at different areas of ethics involved in the corporate world, such as, privacy, technological trends, and liability, as well as several other important areas.

**Keywords:** business ethics, corporate social responsibility, global standards, social accountability, e-economy

### 1. Introduction

The significance of ethics in business is rising as firms become needier on in order systems. The penalty of unprincipled behavior can reason harm to the company and society. Scandals like Enron, Arthur Anderson, and WorldCom had an overwhelming impact on the people that depended on those companies. The ease of Information Systems has caused concern that employees may be tempted to use unethical behavior. Technology can give a company right of entry to information of a consumer without the user's information. Increased technology has completed it easier than ever to copy copyrighted materials. Corporations also have to be aware that their systems might fail, raising the question who is responsible for failed systems? The company? The consumer? All of these situations are examples of ethical situations that corporations face every day. Ethical behavior can survive through technology, intellectual property, and quality of life, accountability, privacy, as well as ethical principles.

When corporations are faced with an ethical issue it is vital that they appreciate the consequences of their decisions. The corporation is accountable for the negative and positive outcomes of a state of affairs. That is why ethics are significant; since a simple decision to cut costs on a product could become injurious to a company and cost a lot more currency and hurt the company's standing. If corporations refuse to be liable for their actions it can have an overwhelming impact on the business society of the firm. An equation created by Klitgaard states that domination plus carefulness, minus responsibility generation corruption (Osbourne, 294) <sup>[9]</sup>. If nobody takes

their actions critically it can only guide to corrupt behavior from employees of an association. Not only can corporations be hurt by law suits and other physical damages as a result of unprincipled decisions, but their image can be hurt. The reputation or organizations and their executives have been hurt by various scandals. J Singh writes, "A recent survey by Gallup indicates that 82 per cent of the public no longer trusts management for taking proper care of the shareholders; 90 per cent do not trust them for taking care of the employees" (Singh, 61). Companies are losing people's trust. Who is willing to invest in a company or buy products from a company that cannot be trusted? The results of unethical behavior can destroy a company. Arthur Andersen was a leading accounting firm until a few employees committed unethical and illegal actions. The damage to the company's image outweighed all the legal problems and led to the end of the company. It is very significant to remember that picture is part of the loss a hard can take when they are responsible and liable for their decisions that may be immoral.

How can firms reduce the unenthusiastic consequences of their decisions, which will decrease lawsuits as well as damage to their standing? There are more than a few ethical principles that will help firms to make better decisions. One principle is to 'Do unto others as you would have them do unto you'. This is also known as the fair rule which is very straightforward, by putting yourself in that same circumstances it is easy to appreciate how another person would feel in that circumstances (Laudon and Laudon, 151) <sup>[8]</sup>. A person would not desire to put themselves into harm from a

choice, and then they would try not to put another person in condition that could cause damage. Another moral principle is called Immanuel Kant's Categorical Imperative, this state's 'If an action is not right for everyone one to take than it is not right for anyone' (Laudon and Laudon, 151) [8]. This principle was broken by Enron, when the executives urged investors not to sell their stocks; when, actually the executives were selling all of their stocks. The executives were only looking out for themselves and their decision made them a lot of money, but lost removal funds for their workers and many others people investments. A third standard that should be careful when making a decision is that 'if an action cannot be taken frequently, then it is not right to take at all', this is known as Descartes' rule of change. Sometimes a person could get away with a decision once, but if the same action is taken over and over again it might cause problems (Laudon and Laudon, 151) [8]. To be safe if it is understandable that the choice could cause problems in the future, the decision should not be made in the present. The utilitarian principle states an organization or individual should 'take the action that higher or greater value' (Laudon and Laudon, 151) [8]. All the decisions should be looked at and the one that produces the best results for the organization or customer should be chosen. A fifth ethical principle requires that a person should 'take the action that produces the least harm, or the least potential cost. This is known as the risk aversion principle (Laudon and Laudon, 151) [8]. This principle also involves looking at all the decisions, but the least risky decision should be picked. This should try to minimize harm to the organization or the customer. A final principle is the 'no free lunch rule'. If a person gets something for free, someone else is going to have to pay the price (Laudon and Laudon, 151) [8]. Even though the decision looks good for a company with no negative impact, somebody else is going to be affected negatively by the decision. This could be the consumer, which could lead to problems for the company.

## 2. Objective of the study

- To understand the importance of both Business Ethics and CSR in Corporate world.
- To understand their interdependency on each other.

## 3. We Need to Change Our View of Customer Data

Corporate Data Responsibility is a part of CSR and a value maker for businesses. Progressive strategies need the breaking down of managerial silos that limit formation of a new data culture. Chief Information Officers must be included into the CSR purpose to cause change and become stakeholders in the conversation. Businesses are becoming largely data businesses - and governments are attractive data governments. If consumers and employees calculate companies by their CSR, impact, and care of people and the environment, then establishing a data ethics culture is the next difficulty. Successful Corporate Data Responsibility requires a new way of thoughts that combines business, legal, and technical understanding of the internal and societal impact of data governance. Over the next five years, the structure blocks and best practice guides for

Corporate Data Responsibility will be recognized. Companies that work hard now to describe better data ecosystems will claim more market share with less speculation. By analogy, as dangerous as it was for Nike to incorporate CSR, it will be just as serious to define a data culture of stewardship, ethics, and dropping the risk of mechanism partiality. Corporate Data Responsibility cuts crossways the whole enterprise, from product development teams to marketing, from legal to the C-suite, and from the CSR function to the Board of Directors.

## 4. Technology and Trends

Technology and trends is an area that deserves a lot of concentration when discussing ethical behavior in the business world. As computing power and in order systems continue to prosper, the corporate world needs to be alert of ethical issues regarding these technical advances. Companies are accountable for giving proper attentiveness to new trends in technology, and making sure an individual's privacy is protected and their rights are not dishonored.

The internet is probably the biggest technological advancement ever. Since the blast of the World Wide Web, actions are done faster, easier, and better. Corporations, customers, and the working population rely on the internet to behavior everyday behavior. Although it is hard to visualize life now without the web, not everything that happens over the internet is an advantage. Due to the fact that so many business dealings take place every day, scam is not to no avail of. Chat rooms, online shopping, entertainment sites, and email messages all raise ethical and trust issues. These issues comprise stolen credit card numbers, shared email messages, and the exchange of personal, private information.

Businesses flourish because of the status customers give them. These customers look to the management of these workers to be dependable. Customer relationship management or CRM industry has learned the magnitude of receiving the people/process/technology mix correct. This industry found itself in a lot of trouble in the early part of this century. "As a result of vendors overselling the value of technology and underselling the people and procedure side of CRM, the early 2000s turned out to be a difficult time, and compulsory an important consolidation of the industry." (Goldenberg, 22).

Infringement of personality property is a major anxiety in technology trends. Because of thoughts such as the advances in data analysis, companies are able to find out a great about of information about people. Credit card purchases and magazine subscriptions are just two ways that the use of technology enables a business to meet in order about their customers. Sure these practices are used in targeting markets, but corporations need to be aware what they need to do with this in sequence in order to save themselves from any ethical issues that may be raised relating to these events. Many questions are being raised about whether or not acquiring personal information through purchases and other advances in technology are ethical for corporations to do or not.

Technology and trends facilitate companies to widen what they can set up for their company. If e-mail, fax

machines, and other means of technology are used the right way, they will guide to nothing but positive attributes for the company. However, if these things are badly treated, the advances in technology will escort the company to nothing but negative consequences that can easily be avoided.

### 5. Corporate social responsibility

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business) is a form of corporate self-regulation incorporated into a business representation. CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active fulfillment with the strength of the law, moral principles, and international norms. In some models, a firm's completion of CSR goes beyond fulfillment and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law."

CSR is a procedure with the aim to embrace accountability for the company's events and hearten a positive force through its behavior on the surroundings, consumers, employees, communities, stakeholders and all other members of the public globe who may also be careful as stakeholders. The term "corporate social responsibility" came into common use in the late 1960s and early 1970s after many multinational corporations formed the term

Stakeholder, meaning those on whom an organization's behavior has an impact. It was used to explain corporate owners beyond shareholders. Business ethics is an experience rather than an inconsistency although it is unavoidably has disagreements on ethical business activities or unprincipled business activities, there is harmony on the principle of faire trade. Or business ethics is a condition, activity, decision making aspects inside business corporations in whether they are right or wrong. Although focuses of business ethics at dissimilar period of time are dissimilar, the basic standard and standards of business ethics is along with the social ethics standards acknowledged by the society. However, being complex than social issues, commercial business involves diverse interests or benefits of different stakeholders and diverse different development objectives at different stages. Although the eventually business ethics is an inconsistency, it cannot involve that ultimately business ethics is a strange challenge which is a pointless exercise. On the contrary, business ethics is useful in directing commercial business behaviour in both organizational and individual levels.

### 6. Business Ethics

Ethics is a subject of social science that is linked with moral principles and social values. Business Ethics can be termed as a study of correct business policies and practices concerning potentially contentious issues, such as corporate ascendancy, insider trading, corruption, unfairness, corporate social responsibility, and fiduciary responsibilities. Businesses must put up with by some basic principles. It should offer quality goods and

services at sensible prices to their consumers'. It should provide excellence goods and services at sensible prices to their consumers. It must also avoid corruption confusing, advertisements and other unfair malpractices

### 7. The Digital World

Internet is an immensely powerful and effectual media to make public negative impacts of a business. The consumers, employees and proletariat activists can now make the most of digital means if they find that business ethical standards are intolerable.

There are many force groups to police the business organizations as well. International force groups such as Oxfam have altered their customary focus from the government policies to business principles of global companies. Hence there is stress to opt ethical standards from all angles.

Responding to the new global challenges requires more than a short term arrangement organizational leaders need to respond to rival priorities such as returns to shareholders and responsibilities to the environment or group of people stakeholders.

### 8. Corporate Social Responsibility and Business Ethics

In this part of the research, we examined the question: "Do you apply the principles of corporate social responsibility in your business?" Most respondents choose positive responses. 31% of them put into practice principles of CSR in their business and 34% of them implement them partially, too. On the other hand, 7% of respondents are doing their business in communally careless way. Similar as in the case of previous questions, 28% of respondents "do not know" and did not respond to this question. These results can be caused by many factors. Many companies have developed their CSR policy for the weak level. Some of them put into practice CSR activities intuitive, without formal structure and official corporate background. Regarding small and grateful state-owned enterprises is the lack of financial resources to develop similar strategies and applications of the procedures.

### 9. CSR in the context of Business Ethics

The normative stakeholder theory in CSR which draws its philosophy from Ethics, affirms that business corporations are "ethically" accountable to look after the concerns of a larger group of stake holders which could comprise owners, customers, vendors, employees and community rather than its stockholders i.e. the owners of the business alone (Rodin 2005 pp561) <sup>[10]</sup>. The concepts of business ethics and social responsibility have distinct identities. Yet, they are often used to refer to the same argument or code. The term business ethics is supposed to be "a combination of two very familiar words, namely business and ethics" (Dimitriades 2007 pp1) <sup>[11]</sup>.

Entrepreneurs may come close to the edge of, or cross over conventional norms of morality, in the pursuit of 51 Mridula Goel and Preeti E. Ramanathan/Procedia Economics and Finance 11

(2014) 49–59 Schumpeterian 'creative destruction', chasing a goal that could be a "version of 'the end justifies the means'" (Fuller 2013 pp122) <sup>[12]</sup>. CSR is then

considered to be a fee charged on the returns derived from the wrongs committed by entrepreneurship to pay for some of the rights. Thus “the revenues collected by taxes associated with sin and exploitation are often earmarked for restoring health and the environment, if not offering outright incentives for the manufacture of more salutary products” (Fuller 2013 pp123) <sup>[12]</sup>. Freeman (1984, as cited in Parmar *et al*, 2010) refers to a definition of a stakeholder from an internal memo from the Stanford Research Institute in 1963. The memo defines stakeholders as “those groups without whose support the organization would cease to exist” (Fontaine, Harmaan & Schmidt 2006) <sup>[11]</sup>. The concept of an organisation as an entity that is merely a creator and “converter” of resources through its existing relationships with vendors, employees and customers does not hold valid in understanding of the universe as a large eco system. The organization as a legal entity and as a collective of individuals is seen as part of a larger context of living systems (Freeman 1984 as cited in Parmar *et al*, 2010). One of the main basis of the normative stakeholder theory is the concept that an organization’s internal processes affects its identified stakeholders and must be based on moral philosophy and ethics. All decision making has to take into account the impact on all its stake holders and must have moral worthiness of its own outside of the firm's financial profits (Donaldson and Preston 1995 as cited in Parmar).

### 10. Conclusion

It is significant for corporations to address ethical issues in order to keep away from legal scandals and keep away from hurting the reputation of the company. One way to address ethical situations is to use software systems such as EPAL and NGSCB as mentioned earlier. These programs are a competent way to defend privacy for customers as well as individuals in the corporation. The government is also getting concerned by trying to introduce laws that will protect an individual’s privacy of personal information (social security numbers, beliefs, interests, etc.) from marketing and other data analysis. Companies can also use common intellect like the fair rule or the ‘no free lunch rule’ to analyze their decisions to avoid unethical behavior. If corporations recognize ethical behavior in their organization they can prevent scandals and legal difficulty.

After the evaluation and analysis it can be completed that Corporate Social Responsibility is careful a global new trend in today’s business world. This trend is recent and organizations have been stressed to understand their social responsibility roles, as it’s not an easy task because of the immediate expectations of the changing market. In addition, social responsibility projects have gained an agreement because both organizations and non-profit organizations think that these projects need to be implemented to make a strong brand message of corporate. That’s why; many companies start to give significance to these projects. On the other hand the concepts of business ethics and social responsibility are often used interchangeably, although each has a separate meaning. The term business ethics represents a mixture of two very familiar words, namely "business" and

"ethics". The word business is usually used to mean "any organization whose objective is to provide goods or services for profit", whereas organizations are defined as "(1) social entities that (2) are goal oriented, (3) are designed as deliberately structured and coordinated activity systems and (4) are linked to the external environment". The organization has to find and get needed resources, understand and act on environmental changes, arrange of outputs, and control and manage internal activities in the face of environmental turbulence and indecision.

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