

Original Research Article

Corporate social responsibility

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Abstract: The advancement of society and the growth of the economy have led to an increased focus on corporate social responsibility. The question of “Does the rise of interest in business ethics and corporate social responsibility (CSR) always mean that business is becoming more ethical?” has garnered significant attention. This article addresses this issue from two perspectives. Firstly, it explains the reasons why organizations may adopt corporate social responsibility and ethical behaviour, supported by case studies of Polpharma Group and BASF Corporation. Secondly, it employs the case of Ford Pinto to demonstrate the consequences for enterprises that neglect their corporate social responsibilities. These case studies illustrate that while the pursuit of ethics and corporate social responsibility does not automatically result in more ethical enterprises, prioritizing social responsibility and ethics remains beneficial for both consumers and enterprises.

Keywords: corporate social responsibility; business ethics; ethical behaviour

1. Introduction

Business ethics refers to the application of generally accepted ethical regulations in specific business activities. Business ethics applies to all aspects of business behavior and governs individual behavior in business organizations^[1]. Corporate social responsibility indicates that the management of an organization has an obligation to make decisions and take appropriate actions to enhance the welfare and interests of society and the organization^[2]. More specifically, corporate social responsibility means that an enterprise should fulfill its responsibilities to consumers, communities, employees, and the environment while pursuing the maximum benefits and legal liabilities. A company can influence all aspects of society by fulfilling its corporate social responsibility. Although a company’s main goal is to pursue profitability, fulfilling corporate social responsibility and business ethics does not conflict with this goal. The fulfillment of business ethics and corporate social responsibility by a company does not indicate that the business has become ethical, but these behaviors are indeed very important to the company. This essay will discuss the issues of ethics and corporate social responsibility from the two aspects of why companies should assume social responsibility and ethical behavior, as well as the advantages and disadvantages of corporate ethics.

2. The importance of CSR

For the organization itself, fulfilling corporate social responsibility and ethical behavior can make the company more competitive and establish a good corporate image. The corporate image is the overall impression and evaluation of the company by the public and employees, and is also an important part of the company’s competitiveness, which has a significant impact on the company’s positioning in the market. The company’s image depends on whether the company has provided consumers with products and services that can be recognized by them in the long-term development process^[3]. This sense of identity is gradually formed in the process of consciously fulfilling social responsibility. Therefore, if a company wants to succeed in the market, management must consider to fulfilling social responsibility when making decisions.

For stakeholders, fulfilling corporate social responsibility and ethical behavior can help organizations achieve more profits and create shareholder value. In today's society, competition between companies is no longer limited to price and promotion, but a more intense all-round competition including reputation, brand image and advertising influence^[4]. There is a positive relationship between corporate value, economic ethics, corporate social responsibility and corporate financial performance, which means that stakeholders may earn profits through socially responsible investment^[5]. If an enterprise can take on certain social responsibilities and consider promoting social development as a strategic indicator, it can make the relationship between business and the public closer, allow the public to remember it, improve its competitiveness, and thereby obtain more profits.

For society, corporate social responsibility can help society develop better. Under the conditions of a market economy, the relationship between enterprises and society is very close. A stable legal society can bring good opportunities for the development of enterprises. And this stable social environment is also the necessary foundation for the long-term development of enterprises^[6]. A good social environment provides opportunities and development conditions for enterprises. Therefore, enterprises need to assume certain social obligations to promote the all-round development of society. In short, enterprises exist because of the needs of society, and society provides sufficient resources for the development of enterprises. Therefore, while paying attention to their own interests, enterprises must pay attention to social interests and fulfill their social responsibilities.

3. Case argument

Here is an example. The Polpharma Group is one of the largest Polish pharmaceutical manufacturers, employing more than 7,000 employees worldwide^[7]. After privatization in 2000, the company's competent department decided to change the company's evaluation in society by fulfilling its corporate social responsibility. After 2000, the Polpharma Group established the Polpharma Science Foundation to support the development of medical science by funding scientific research in the medical field^[7]. In 2007, the group launched the "Knowledge Pharmacy" project, which provides strong support for medical and pharmaceutical students. As a pharmaceutical company, the Polpharma Group is closely linked to public health issues. So the group is not only responsible for its products and its responsibility, but also has carried out projects related to civic health education. The company also provides training courses for workers to enable them to join labor organizations. All these practices have greatly increased Polish nationals and society's favor with the company. A report on Polish trust in pharmaceutical companies published by On Board PR shows that more than 90% of respondents expressed strong trust in Polpharma^[8]. They found the company's series of CSR activities to support education and disseminate disease information useful. These reputations and patients' trust are very important to the company, and help the company establish a good corporate image, which is also where the company's competitive advantage lies. Based on public recognition, Polpharma has become the largest pharmaceutical company in Poland, and its market share and company interests have skyrocketed. All of these can show that fulfilling corporate social responsibility can bring huge benefits to the company.

Generally, a company with sufficient sense of social responsibility and ethical behavior can not only make huge profits, but also enable the company to stand out from its competitors and gain a greater competitive advantage. At the same time, for the internal environment of the company, managing business in an ethical way can also get more support from shareholders and investors. Companies also have an obligation to treat their employees ethically. Business ethics can benefit an enterprise in many ways^[9].

A prominent example of how business practices are governed by strict ethical requirements is the BASF

corporation. In the company, any actions of violating the law are not allowed. To this end, BASF has launched a compliance program to ensure that all employees of the company are aware of the company's ethical values and compliance with legal policies, and implement them in all their work. BASF has since created the position of Chief Compliance Officer for the first time in a German company to ensure and monitor the implementation of Compliance programs. In the relevant documents of the compliance program, BASF has made quite clear provisions on many aspects of business ethics, including human rights and labor treatment, environmental protection, anti-monopoly, anti-corruption, data privacy, and information protection and so on^[10]. Specifically, such as BASF's consistent efforts in the field of environmental protection. The company pioneered the concept of "responsible behavior" as a leader in the chemical industry. From the production process, management, environmental protection products, and other aspects of energy-saving and consumption reduction and pollution reduction. Besides, it will also carry out a series of social activities to cultivate children's chemical awareness and interest.

Siegfried^[11] concluded that it can be seen from the case that BASF has made considerable efforts to adhere to business ethics and has been rewarded enough for this. The existence of a compliance plan effectively standardizes the internal moral atmosphere of the company. It creates a pleasant working environment for all employees while improving their quality and identification with the company culture. Its efforts could even change the perception that chemical companies are the source of environmental problems. Strictly following the code of business ethics not only makes the enterprise get many profits, but also establishes a right image, and has been recognized by the public and more stakeholders^[12]. For example, in 2003, the compliance program enabled BASF to become a member of transparency international's German branch and actively support anti-corruption activities. It has also been rated as one of the top 10 most responsible companies in China. When it comes to business, people tend to skimp on their trust. A sensible company can recognize that they need to link their brand image with a strong sense of business ethics and global citizenship to prove to everyone that they can be trusted.

Except that, when a company ignores business ethics, the company will face endless trouble once an accident occurs. In the United States, for example, businesses that do not follow federal and state guidelines often face significant fines. If this continues, it will come at a high cost. Its executives could even face criminal charges and jail time. Within the company, lack of ethics among employees can also lead to a decline in work performance, as well as interpersonal tensions among employees. Above all, it will take much time to recover the reputation and brand image of the company that has been lost as a result of unethical business practices. Even if unethical problems are a thing of the past, it will be hard for injured consumers to build trust with companies again^[13].

Townsend and Gebhardt^[14] mention a classic example of a company that had to suffer losses because it refused to accept business ethics and social responsibility. This was an accident at Ford Motor Company. The rear of Ford Pinto was hit, causing a gas tank to explode, killing three girls on the Indiana State Highway. In the seven years since the car was launched, nearly 50 lawsuits have been filed over fuel tanks and explosions. The accident exposes Ford to criminal charges, and car design engineers and managers may also be jailed for the accidents. During the investigation of the case, it was discovered that the tank design of the car was defective and did not meet recognized engineering standards. During the trial of the case, the prosecution issued a cost-benefit analysis memo that shocked everyone. Ford knew early on that the car's fuel tank was defective. However, they performed a cost analysis of the car recall to determine whether it was worth reinstalling the protective device

to protect the car's fuel tank. In the end, they concluded that the total cost of compensation is far less than the cost of retrofitting all cars. As a result, management decided not to install safety devices or recall cars, forcing engineers to adopt this unsafe design.

The Ford Pinto incident exposed Ford's safety problems and had a profound impact on the company for decades. Since then, Ford has been plagued by safety problems. The performance raises questions about whether Ford has consistently lost sight of consumers' safety needs and business ethics. This has created a harmful business divide between Ford and its customers^[15]. Since the Pinto case, it has suffered civil losses and public insults from the media for its disregard for business ethics. A large number of consumers and even employees have lost trust in it. There is no doubt that the Ford case is a perfect example of the damage that can be done by unethical practices in business. Ford needs to re-examine its corporate rules and ethics and rebuild a stronger ethical structure.

4. Conclusion

In conclusion, although the pursuit of ethics and corporate social responsibility in business does not necessarily mean that business has become more ethical, corporate emphasis on social responsibility and ethics still benefits both consumers and businesses. This can not only enhance the image and build the brand of the enterprise but also help to build an excellent working atmosphere in the company and improve employee performance. Unethical behavior in business may have a long-term negative impact on the enterprise. The pursuit of profit can make companies deal with legal and ethical challenges, reduce employee performance and enthusiasm, and tear apart trust between companies and consumers.

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