Ethics, Corporate Social Responsibility, and Law

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Introduction

Corporate Social Responsibilities (CSR) and organizational ethics have been described with a variety of definitions in the past literature, without any explanations of the underlying motives and assumptions. For instance, Kim, Youn, and Lee (2019) define CSR as “activities or processes concerned with how an organization exceeds the minimum obligations to stakeholders’ specified through regulation and corporate governance” (p. 682). Although these descriptions have demonstrated different details and expectations of what social, business, and legal procedures a company can engage in, CSR defines the relationship between an enterprise and the community the industry serves. Additionally, CSR concentrates on the voluntary business’ actions designed to enhance environmental and socio-economic conditions (Kim et al., 2019). Globally-Renowned businesses including the Apple Corporation and Volkswagen have legally binding responsibilities to their financiers and administrative teams. These enterprises are regularly required to make profits and increase or maintain their business value while improving growth potential. The companies must obey regulations associated with internal and external organizational relationships which address issues including social inclusion, timely payments for deliveries made, working environments, and employees’ benefits including pensions.

The government has placed an “invisible hand” on established corporations through the execution of employment rules and regulations that promote corporate social responsibility activities, thus ensuring that companies legally bound to the fulfillment of additional duties (Saleem, Kumar, & Shahid, 2016). However, the main issues with the stipulated responsibilities involve the perceived duty of a business to willingly operate within the confines of pre-determined ethical and corporate rules, which are often designed based on the needs and expectations of the immediate community. Some scholars including Marens (2008) have argued that corporations exist to fulfill important needs of the population and must be responsible for maintaining the highest standards of behavior. However, others have questioned the practicality of forcing firms to allocate their financial and human resources to improving public welfare (Saleem et al., 2016). This paper will present opinions for and against the value of corporate social responsibility investments in businesses such as Apple Inc. and Volkswagen by examining the advantages and disadvantages of CSR in an international context.

Underlying Views of Corporate Social Responsibility and Ethics

The debate over the roles of the organization's contributions to society is founded on two conflicting principles. On the one hand, the development of the locality within which a business operates should be a fundamental component of an enterprise's corporate agenda. Proponents of this ideology maintain that the society and business establishments each pursue different objectives which can only be achieved at the expense of another. These views hypothesize that commercial firms are profit maximizers that should concentrate on generating shareholder value (Saleem et al., 2016). On the other hand, however, individuals who advocate for the implementation of CRS duties and responsibilities argue that social responsibility projects that significantly contribute to community development and sustainability have a higher chance of promoting company brand through influencing positive public perceptions (Marens, 2008). Thus, people applying this line of thought indicate that there are implied contracts between society and enterprises, which are characterized by mutual advantages, opportunities, and responsibilities.

Advocates for the implementation of corporate social accountability and organizational ethics have indicated that these obligations are founded on the ethics of justice and care, characterized by dedication to the well-being of the larger community. Therefore, CSR should be concerned with managing resources in ethical and responsible ways, which are considered acceptable in civilized societies. Corporations implementing CSR should be guided by a long-term goal of creating improved living standards for the communities being served while maintaining the company's revenue streams. The CSR model advocated for by Kim et al. (2019) highlight productivity as a core dimension which reflects the efficiency of these procedures. According to Kim and his colleagues, the primary roles of business include fulfilling its legal, economic, discretionary, and ethical responsibilities. These duties entail generating profits, conforming to international and regional business regulations, ensuring every corporate process aligns with the principles of fairness and engaging in activities that the community deems moral, including investing in environmental protection campaigns and operations (Saleem et al., 2016). The Apple Corporation is an example of a socially responsible business that has implemented different measures to ensure that the community it serves is protected from harm caused by the use of toxic and carcinogenic hardware components. Apple has also developed a workplace diversity programs which are intended to empower women, alongside individuals from minority populations.

From my perspective, the primary objective and advantage of incorporating CRS include promoting an organization's short and long-term vision of accountability. Current trends in CSR adoption have recently focused on protecting the rights and freedoms of workers from minority populations and dealing with the current issue of climate change. CSR is, as a result, a critical unifying element that is founded on the notion that businesses cannot function as fully independent entities detached from prevailing social and economic processes and activities (Villiers, 2016). At its core, the concept of CSR concerns being responsible for the impacts of business activities and decisions on the environment, the community, and the society at large. It is more than making simple financial decisions or planting trees in attempts to conserve the environment; instead, it should focus on the welfare of society.

Successful businesses require collaborations between different entities including the supply chain system, managerial bodies, and human resources. Thus, it is critical to abandon past perceptions regarding profitability, survival, and competitiveness to achieve long-term organizational goals. Companies that have adequately adopted structured CSR demonstrates changing attitudes regarding the performance metrics currently used to examine enterprise success, including adherence to ethical expectations. Additionally, I am likely to seek work in companies that have sponsored activities which support their operating practices and philosophies.

Economists such as Milton Friedman and Robert Nozick are among the main supporters of arguments that evaluate the principles of organizational ethics and CSR practices. Friedman's 1962 work known as *Capitalism and Freedom* presented a more liberal perspective of CRS, which stressed that freedom should be the basis of all ethical decision-making processes and corporate social responsibility (Lateef, 2013). Friedman also indicated that organizations must adhere to moral customs and legal requirements while utilizing their resources to enhance profitability and sustain their revenue streams. Friedman states that "the discussions of the social responsibilities of business are notable for their analytical looseness and lack of rigor. What does it mean to say that "business" has responsibilities? Only people can have responsibilities" (Lateef, 2013 p. 11). This statement represents the wrong and often overlooked side of corporate responsibility and organizational ethics as they compromise the efforts made by shareholders, managers, and owners to gain full benefits from their financial inputs.

Also, John Locke perceived company freedom as a right which must enable these entities to operate under moral guidelines which have been formulated by superior bodies. According to Lateef (2013), every company has an integral right to own property which it has gained from its plans, investments, and tactical business operations. In Locke's own words, "every man has a property in his person; thus, nobody has a right to but himself, thus, the labor of his body, and the work of his hands, we may say, are properly his" (Lateef, 2013 p. 9). These liberal perspectives require the government to regulate corporate ethical and CRS procedures only to the extent of protecting property, liberty, and life.

In the views of Nozick and Friedman, "profits made by corporations are a form of natural property that, in the context of the corporation as an actor, accrues to the shareholders" (Lateef, 2013 p. 7). Therefore, the administrators of corporations such as Volkswagen and Apple Inc. have the legal and moral obligations to ensure profitability to serve the best interest of employees and financiers. Organizational leaders and managers must use resources at their disposal to maximize profits and submit them to the sponsors as dividends, as a measure of goodwill. Thus, there are crucial political issues raised when companies decide to implement corporate social responsibility programs including spending and taxation which are constitutional requirements lacking balances imposed by politico-economic systems.

Corporate social responsibility appears to be an oppressive assault on the fundamental motive of what a business should strive to achieve, which is profitability. Directors who oversee the operation of global establishments such as Volkswagen owe company sponsors fiduciary duty to maximize wealth using the resources at their disposal. As Lateef (2013) puts it, "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rule of the game, which is to say, engage in open and free competition, without deception or fraud" (p. 7). There are several trends and patterns which have significantly undermined the basics of profitable businesses, including the expectation of people in the industry to be socially responsible instead of concentrating on increasing the revenue streams. Several questions arise with regards to the specific CSR activities that a company should provide to serve the community within which it operates, for instance, how can organizations determine what the society needs to bring about the required development? Can individuals make sound decisions concerning what the community needs? Lastly, are businesses allowed to decide the degree of monetary burdens they would wish to place upon themselves in the name of corporate social responsibility? The enterprise is an instrument of the entities who put in significant financial and human resource inputs to ensure its survival; therefore, they should be encouraged to make sound choices regarding whether or not they would like to participate in any form of community development, among other funds disposal techniques.

Intensive review of the literature has revealed that applying the ethics of care requires business operating within global and regional boundaries to give back to the community by improving the lives of the economically disadvantaged and minority populations while addressing climate change issues. Nevertheless, I object to the application of CSR as investment strategies that seek to keep organizations in business. Firstly, research by Marens (2008) revealed that an estimated 85% of the global population would be residing in urban centers, therefore, significantly increasing the number of resources required to carry out CSR functions. Secondly, the overgrowing gap between the rich and the poor threatens the capability of enterprises to continue engaging in CSR activities. Unequal wealth distribution between the rich and the poor caused by the income gap has created significant strain for organizations seeking to integrate CSR in their strategies because they are required to spend more than they are willing to create a substantial difference in the lives of people. Thus, while I acknowledge the importance of CSR in building a stable consumer base, I agree with Freud's argument which maintains that businesses are the rightful properties of parties who have developed these enterprises from abstract ideas to actual functioning firms (Lateef, 2013). Therefore, it is only fair that business financiers and managers gain maximum profits and decide whether or not they want to engage in any form of community development.

Conclusion

In summary, the primary confusion regarding the significance or setbacks of CSR activities involves whether to perceive the concept as a legal compliance issue or an ethical persuasion. Scholars such as Freud have pointed out that the recent definitions of CSR are founded on the existing regulation and ethics. However, unlike legal provisions which are usually stipulated in codified and explicit terms, morality issues are typically challenging to discern considering that ethics are complicated subjects which are shaped by numerous factors including personal beliefs and customs. Organizations that have integrated CSR as fundamental aspects of their business strategy are likely to fail due to the increasing costs of implementing the CSR functions. Company directors have an ethical obligation to generate maximum profits which is the right of shareholders who solely participate in ensuring the financial stability of the corporation. I agree with economists including Freud who maintained that community goals which compromise the capacity of a firm to increase its revenues are detrimental and damaging to overall goals of internal and external shareholders.

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