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BUSINESS ETHICS AND CSR STRATEGIES: ROOT TO BUSINESS SUSTAINABILITY

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ABSTRACT

Corporate social responsibility is represented by the contributions undertaken by companies to society through its business activities and its social investment. This is also to connect the Concept of sustainable development to the company's level. A new philosophical trend in social responsibility is called sustainability. Business sustainability also known as corporate sustainability is the management and coordination of environment, social and financial demands and concerns to ensure responsible, ethical and on-going success, It is the thought that if a company helps society through their business as a main goal, then they will reap success. Companies can look to solve society's problems by creating a product or service to fulfill a need, and they will profit and help the world. CSR-focuses on businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. The present paper creates general awareness about CSR and also attempt to develop the relationship between CSR and sustainability.

KEYWORDS: Business ethics, CSR and Sustainability.

The voluntary compliance of social and ecological responsibility of companies is called Corporate Social Responsibility (CSR). Corporate social responsibility is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. Corporate social responsibility is represented by the contributions undertaken by companies to society through its business activities and its social investment. This is also to connect the Concept of sustainable development to the company's level.

Over the last years an increasing number of companies worldwide started promoting their Corporate Social Responsibility strategies because the customers, the public and the investors expect them to act sustainable as well as responsible. In most cases CSR is a result of a variety of social, environmental and economic pressures. The Term Corporate Social Responsibility is imprecise and its application differs. CSR cannot only refer to the compliance of human right standards, labor and social security arrangements, but also to the fight against climate change, sustainable management of natural resources and consumer protection.

The concept of Corporate Social Responsibility was first mentioned 1953 in the publication 'Social Responsibilities of the Businessman' by William J. Bowen. However, the term CSR became only popular in the 1990s, when the German Betapharm, a generic pharmaceutical company decided to implement CSR. The generic market is characterized by an interchangeability of products. In 1997 a halt in sales growth led the company to the realization that in the generic drugs market companies could not differentiate on price or quality. This was the prelude for the company to adopt CSR as an expression of the company's values and as a part of its corporate strategies. By using strategic and social commitment for families with chronically ill children , Betapharm took a strategic advantage.

CSR is titled to aid an organization's mission as well as a guide to what the company stands for and will uphold to its consumers. Development business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR.

Working as an ethical business has many benefits. It attracts and keep investors, employees and customers associated with business for a longer period of time. It gives the investors peace of mind that their money is being used in a way that aligns with their own moral standing when the company they deal with works in ethical and responsible manner. When working for a company with strong Business Ethics, employees are comfortable in the knowledge that they are not by their own action or inaction allowing unethical practices to continue. Customers are at ease buying products or services from a company they know to source their materials and labour in an ethical and responsible way.

For example, a coffee company which states all their raw beans are picked from sustainable plants where no deforestation has occurred, by people paid a good living wage, in an area where investments have been made to ensure that producing the coffee for a foreign market has not damaged the local way of life, will find that all these elements of their buying strategy become themselves a selling point for their final product.

A company which sets out to work within its own ethical guidelines is also less at risk of being fined for poor behaviour, and less likely to find themselves in breach of one of the multitude of laws concerning required behaviour – for example, laws around payments to corrupt regimes, or environmental practice policies. The whole company can be fined, the directors can be fined, and individual employees can be fined if the responsibility for an infraction falls on their shoulders. Reputation is one of a company's most important assets, and one of the most difficult to rebuild should it be lost. Upholding the promises it has made is crucial to maintaining that reputation.

Business sustainability also known as corporate sustainability is the management and coordination of environment, social and financial demands and concerns to ensure responsible, ethical and on-going success, It is the thought that if a company helps society through their business as a main goal, then they will reap success. Companies can look to solve society's problems by creating a product or service to fulfill a need, and they will profit and help the world.

Objectives of the paper:

1. To create awareness about CSR.

2. To understand the inter-relationship between Sustainability and CSR

3. To analyse the framework of CSR.

CSR and Sustainability

In market economies, the primary purpose of companies is to maximise shareholder value (e.g. economic profit, share price and dividends) bound by legal/regulatory obligations which address specific social and environmental issues. For this, companies pursue competitive strategies which rely upon and develop relationships between the corporation and its stakeholders.

Since the early 1990's, corporate responsibility issues including the social obligations of corporations have attained prominence in political and business debate. This is mainly in response to corporate scandals but also due to the realisation that development centred only on economic growth paradigms is unsustainable and therefore there is a need for a more pro-active role by states, companies and communities in a development process aimed at balancing economic growth with environmental sustainability and social cohesion.

This debate has motivated the following three interlinked movements in the corporate world: CSR (Corporate Social Responsibility); Corporate sustainability: World wide reforms on corporate governance. CSR and corporate sustainability represent the way companies achieve enhanced ethical standards and a balance of economic, environmental and social imperatives addressing the concerns and expectations of their stakeholders. Corporate governance reflects the way companies address legal responsibilities and therefore provides the foundations upon which CSR and corporate sustainability practices can be built to enhance responsible business operations.

We distinguish between two interrelated dimensions for CSR and corporate sustainability: corporate responsibility and sustainability as part of a new vision for the world

based on a global partnership for sustainable development; corporate responsibility and sustainability as a business management approach that should provide in the long run better value for shareholders as well as for other stakeholders.

Early roots of corporate social responsibility can be found in the actual business practices of successful companies and early theoretical views in the 1950s and 60s linked corporate social obligation to the power that business holds in society. Theoretical developments are currently broadly subdivided into the ethical and accountability issues and the stakeholder approaches to strategic management.

The corporate responsibility movement is backed by UN initiatives such as the Global Compact and the Millennium Goals which have defined the goal and principles for responsible corporate behaviour in the following areas:

- Human Rights
- Labour Standards
- Environment
- Health
- Anti-Corruption Economic responsibility

Key driving forces include investor and consumer demands and governmental and public pressure. Particularly important is the support from Socially Responsible Investing (SRI). The corporate responsibility movement is now entering a mainstreaming phase aided by standardisation activities such as the GRI, the AA1000 series and the ISO2600 guide. CSR, corporate sustainability and corporate governance collectively are shaping the identity of organisations and are therefore increasingly integrated into the business strategy of successful corporations. Consequently, the field of responsible business strategy and practice is becoming one of the most dynamic and challenging subjects corporate leaders are facing today and possibly one of the most important ones for shaping the future of our world.

Corporate responsibility practices:
The CSR and corporate sustainability movements are building an impressive momentum with the support from governments and the investment community through Socially Responsible Investing (SRI) and associated corporate sustainability indexes.

There is no doubt that businesses are doing far more than ever before to tackle the sustainability challenge by recognising their social responsibilities, reducing their environmental impacts, guarding against ethical compromises, creating governance transparency and becoming more accountable to their stakeholders. However, despite the progress achieved, CSR and corporate sustainability as business practiced approaches are at the infancy stage with relatively few real adopters and questionable impact.

On the positive side, success stories from responsible companies, for example the leading companies in SRI indexes, confirm that outstanding financial performance is not incompatible with good sustainability performance.

The motivations of companies to address corporate responsibly and sustainability varies widely from instrumental approaches using responsible practices as a means of maximising profits to intrinsic approaches committing the company to upholding its values and principles irrespective of the impact on financial performance. The key business drivers are:

a) strong brand and reputation;

b) employer of choice;

c) market position;

d) trust of the financial markets and increased shareholder value;

e) new 'green' products / services and new markets.

It is becoming clear that leading companies of the future will have missions and strategies to constantly increase shareholder value but as an integral part of those strategies will also recognise and act upon the potential for:

- addressing the interests of a broad range of stakeholders;

- building societal value;

- contributing to coalitions aimed at increasing the capacity for sustainable development .

Framework of Corporate Social Responsibility
Shareholder's View: The Social Responsibility of Business is to increase its profits. But the doctrine of "social responsibility" taken seriously would extend the scope of the political mechanism to every human activity. It does not differ in philosophy from the most explicitly collectivist doctrine. It differs only by professing to believe that collectivist ends can be attained without collectivist means. It is fundamentally subversive doctrine in a free society and in such a society, there is one and only one social responsibility of business which is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, that is open and free competition without deception or fraud.

Stakeholder's View:
- A stakeholder must be distinguished from a stockholder. On the other hand, a stakeholder is any group or individual that has a vital interest in the doings of the corporation. Hence the stockholder is a stakeholder of the corporation whose vital interest at play is the share owned of the corporation and the money invested in this share.

- There are several other stakeholders of the corporation. These include (1) employees, (2) customers, (3) suppliers, (4) local community, (4) surrounding governments, (5) the surrounding human and natural environment, and (6) the corporation's managers.

- Stakeholder theory requires that the corporation recognize and respect the vital interests of each of its surrounding stakeholders. This frequently issues in proposing stakeholder rights and assigning to others correlative duties to recognize and respect these rights.

- Stakeholder theory also requires that the corporation integrate interests where possible, mediate or broker conflicts between interests, and only trade off competing interests when absolutely necessary and when more conciliatory efforts have already been made and have failed.

Conclusion:
This paper summarises and concludes that the corporate responsibility and sustainability are a part of a new vision for the world based on a global partnership for sustainable development; corporate responsibility and sustainability as a business management approach that should provide in the long run better value for shareholders as well as for other stakeholders. We conclude that corporate responsibility and sustainability as a company's verifiable commitment to operate in an economically, socially and environmentally sustainable manner that is transparent and increasingly satisfying to its stakeholders.

The framework suggest that there are several other stakeholders of the corporation. These include employees, customers, suppliers, local community, surrounding governments, the surrounding human and natural environment and the corporation's managers.

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