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Business Ethics and Corporate Social Responsibility – Is there a dividing line?

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Abstract

There is growing research in all areas of ethics and CSR that govern the activities of a firm and the value systems that underlie their business activities. In our paper we have explored the concepts of Business Ethics and Corporate Social Responsibility with a perspective that meaningfully CSR should be seen in the context of an overall paradigm of Business Ethics. We have studied CSR through the framework of the stakeholder theory of the firm and posit that CSR as practiced today is a subset of Business Ethics with other dimensions of an overall ethics framework still uncovered.

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1. Introduction

Business Ethics covers the areas of moral principles and decision making, governance issues and codes of conduct for a business. Beverungen and Case (2011) argue that “ We might find that ethics in business involves a basic dislocation relating to phenomenal experiences arising when things are out of place” (Beverungen and Case, 2011

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pp229).

When identifying practices that reflect business ethics, we find ourselves in the territory of morality and a definition of what constitutes morality. Business actions will then be judged by not that which is efficient or effective but by that which is “morally defensible” (Wozniak 2011 pp 304). We understand that business ethics as a concept is mutating, changing in the context of new technologies, new ways of resource mobilisation and utilisation, evolving societal practices and growing towards a perpetually connected global business network. Growing universal awareness of the finiteness of natural resources, the growing wealth divide, and the pervasive presence of businesses in the individual citizen's life through technologies such as big data and cloud computing, bring forth business ethics to the forefront of the conversation on societal norms.

However, is it easy to identify the business ethics as a set of norms practiced by a firm? Is it an amorphous concept difficult to codify or is it a translatable theory with the ability to be taught as a discipline in business schools? (Beverungen and Case 2011). If the norms are followed to ensure legal compliance, will it in reality reflect the day to day practices followed by the firm? (Painter-Morland 2010).

In our paper, we aim to explore Corporate Social Responsibility (CSR) in the context of business ethics. The paper studies CSR as a concept and also as a set of actions embedded in the ethicality of the business. Our paper draws inspiration from the interpretation of Freeman's (1984) normative stakeholder theory as cited in Parmar et al (2010) and the concept that organisations are “embedded” in the social and biological environment around them (Bjerregaard and Luring 2013 pp134). Business organisations are an integral part of the social, economic and environmental systems around them. Therefore, their activities, structure and processes need to take responsibility for the impact they have on stakeholders and on the society which supports their existence. It is not sufficient to define CSR as limited to business efforts that reach out to people or other aspects of the environment as beneficiaries defined by the company. The fall out effects that a company has on the wider community, today and tomorrow need to be incorporated in CSR sensitization for ethics and CSR to be treated interchangeably.

1.1. CSR in the context of Business Ethics

The normative stakeholder theory in CSR which draws its philosophy from Ethics, affirms that business corporations are “morally” responsible to look after the concerns of a larger group of stake holders which could include owners, customers, vendors, employees and community rather than its stockholders i.e. the owners of the business alone (Rodin 2005 pp561). 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).

Entrepreneurs may come close to the edge of, or cross over conventional norms of morality, in the pursuit of

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