

Ben B CSR

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Critical discussion of Business Ethics and the Internet

Critical perspectives on management

Introduction

This essay will critically evaluate how ethical /CSR models can relate to the business use of SNS. This essay will also look at one case of interest. Then the researcher will derive a logical set of recommendations, which could improve ethical performance. The topic that the researcher has chosen to cover is the use of CSR in marketing. The researcher will look at the effects that CSR has had on businesses and whether consumers believe that they are trustworthy.

What is CSR? Also, why is it important?

Corporate Responsibility (CR), also referred to as Corporate Social Responsibility (CSR). Corporate Responsibility can be defined as how companies address the social, environmental and economic impacts of their operations and so help to meet our sustainable development goals (Pearson, 2008). CSR is important because there have been increased demands from employees, customers and government bodies for businesses to be more open about their activities and to reach, and maintain, acceptable standards in their business practice. For employers, CSR is now seen as an essential way to increase competitive advantage, protect and raise brand awareness and build trust with customers and employees (The University of Edinburgh, 2017).

Social networking sites and CSR

Friedman argues that businesses do not have a social responsibility in the sense of having an obligation to promote desirable "social" ends, for example, clean environment,

fulfilling jobs, prejudice-free society, etc. What he is saying is that businesses are not the kind of thing that can have responsibilities — social or otherwise. The internet does not have responsibilities. The weather does not have responsibilities. Business is the same type of general system (Friedman, 2007). His supporting points state that businesses are seen in the legal system as individuals, but this is only done because there need to be people who are responsible for the actions that these businesses undertake. The only problem with this is while businesses have people working inside them they have their individuals who have responsibilities themselves. These people are responsible for the business and the shareholders to do their jobs and maximise profits. This means that they cannot do both their job and also for a business that may not allow them to pursue ethical causes actively. This raises the question what if a manager in a business chooses to push towards more ethical goals? (Friedman, 2007) Has thought about this and has believed that this is spending other people's money on his or her personal political goals. In turn, this goes back to the other point where he says that the managers are responsible to the shareholders or owners who want to maximise profits. This is irresponsible for the manager then as they are not doing their duty as an employee. Also, Friedman believes that even if the managers are given the leeway to pursue their personal goals, then they would not know what to do. He states "They have only their private beliefs, which is not at all the same thing as genuine social purpose... Moreover, each manager would have too small a view to expect his or her beliefs to be correct." (Friedman, 2007). An example of this would be TOMS shoes in the United States; they had the plan so that when someone buys a pair of TOMS shoes on its website, for instance, the company donates a pair of shoes to a child in a developing country like Haiti. The message behind it was that children lives would be made more comfortable if they had shoes rather than working and going to school barefoot. The problem with this though is that When TOMS worked with an outside research team to evaluate the impact of its shoe donations, the researchers were unable to find a way in which the shoes had much of a substantive impact on poor kids' lives. The kids liked the shoes and used them to play outside a little more often. However, there was no significant improvement in their school attendance or self-esteem. In fact, the data suggested that receiving the shoes caused the children to spend a bit less time on homework. It also made the children slightly more likely to feel dependent on outside aid — a learned dependency that can be damaging (Taub, 2015).

Freeman believed in an idea called the stakeholder theory. This theory instead of only caring about what the shareholders wanted, takes into account any person or organisation who can be positively or negatively impacted by or cause an impact on the actions of a

company (Freeman, 1984). The stakeholders for a business can be anyone from the consumers and the media all the way to the shareholders, banks and even the government. This theory uses a stakeholder analysis to help with the decision making process. It identifies the stakeholders likely to be affected by or influence the activities of the organisation. Then the business assesses how those stakeholders could be impacted or impact upon the organisation by putting them into categories in which it is determined who is directly affected by a decision, who are indirectly affected by a decision and also if there is anyone will be significantly affected by a business decision Figure 1. (Mendelow, 1981) suggests using a power/interest matrix to assist in this. Figure 2. Then the business anticipates the consequences of any change in the organisation's activities. The business has to identify stakeholders' 'success criteria' and assure a successful outcome for the organisation by developing co-operation with stakeholders.

It is the researcher belief that different models work for different online businesses. For social networking sites, the most obvious model for them to use is Freeman's stakeholder theory. For an SNS it is all about getting people to use the service so then they can be used to make money through advertising, etc. For example in the recent Facebook and Cambridge Analytica scandal that had millions of peoples personal data available for purchase. This ethical issue caused millions to move from Facebook to other sites and deleted facebook with the hashtag #deletefacebook trending on Twitter (Oremus, 2018). This may have been avoided if Facebook looked at the impact of the stakeholders around them rather than just their bottom line.

The use of CSR in marketing

Using corporate social responsibility as a marketing tool can be tricky. This is because it can come across as disingenuous, CSR becomes more critical and more criticised. Some claim that it has risen precisely at a time when public trust in corporations has sunk: the 2017 Edelman Trust Barometer recently reported that our trust in business, among other organisations, is down, indicating that we have become a sceptical bunch. "It is odd that CSR has grown at a time when brands have become less trusted," says Jonathan Gabay, author of Brand Psychology. "I think that it is probably due to people have so much overexposure to brand hype, at a time when their wages are stagnating, and they are experiencing uncertainty." This translates into a broad public sentiment that CSR is a bit of window dressing or public laundering (Bennett, 2017). Having people, distrust businesses own CSR

marketing may be a good thing, for example, recent research involving Procter & Gamble, General Mills and Timberland revealed that many of their stakeholders had no idea of the companies' corporate responsibility initiatives, or had an insufficient understanding and didn't find them personally relevant. Because of that, they often questioned the companies' motivations for engaging in corporate responsibility activities (Bhattacharya, 2009). There's also the issue that CSR might be a smokescreen. Volkswagen had a strong CSR programme they were top of the Dow Jones Sustainability Index. This made the 2015 revelations that it had installed software that cheated diesel emissions tests seem even worse (Bennett, 2017). The Harvard business review, when speaking to CSR managers at events that they held, they found Despite the widely accepted ideal of pursuing "shared value" creating economic value in ways that also create value for society. Our research suggests that this is not the norm. Rather, most companies practice a multifaceted version of CSR that runs the gamut from pure philanthropy to environmental sustainability to the active pursuit of shared value. Moreover, well-managed companies seem less interested in totally integrating CSR with their business strategies and goals than in devising a cogent CSR program aligned with the company's purpose and values (Rangan, Chase and Karim, 2015). It is not looking that bad for CSR because in a 2013 survey on brand generosity, undertaken with YouGov, suggested that the brands that will survive and prosper are also those that aim to make life better. In an interview with business insider Matt Tanter, strategy director at advertising agency Grey London, states that companies like M&S, Unilever and clothing company Patagonia were forging a path of profit allied to social usefulness that is progressive and fruitful. "This is the era of the purpose-driven brand," he says, adding that the best CSR is embedded in corporate life: "Part of the company's presentation to the world, rather than an office along with a dusty hallway." (Bennett, 2017) In a report published on researchgate.net found that Philanthropy was found to have a powerful effect on consumer evaluations, followed by sponsorship and cause-related marketing. However, the relationship between CSR initiatives and consumer evaluations was significantly stronger when consumers perceived the focal brand with low social distance as well as the cause with low spatial distance. The findings thus provide support for the importance of psychological distance in moderating CSR initiatives (Lii, Y.S., Wu, K.W. and Ding, M.C., 2013). What this means is that CSR still has a powerful effect on brand evaluations despite the fact that consumers believe that it can be untrustworthy.

Recommendations

- Have a CSR culture at the business.

It is recommended that the businesses have a CSR culture inside the company. As stated above brands like Patagonia and M&S have CSR cultures, and they are very successful. This also shows that it is not a hindrance to maximising profits to have an active CSR programme.

- Improving operational effectiveness.

This can be done within existing business models to bring social or environmental benefits in ways that support a company's operations across the value chain, often improving efficiency and effectiveness. In turn, they may increase revenue, decrease costs, or both. Examples include sustainability initiatives that reduce resource use, waste, or emissions, which may, in turn, reduce costs; and investments in employee working conditions, health care, or education, which may enhance productivity, retention, and company reputation. (Rangan, Chase and Karim, 2015)

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