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Introduction to business

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Business ethics and social responsibility in
the automotive industry

Introduction

In this essay i will be describing how the business ethics and corporate social are central to how modern companies operate particularly in industries that affect the environment and public saftey . The automotive sector is a clear examble on how the car manufacturers influence emissions, resource use and road safety. This essay will give a clear overview on what business ethics and CSR mean, using two models Caroll's CSR Pyramid and the triple bottom line. In addition, it applies to three carmakers tesla, Toyota and Volkswagen to prove how companies deal with sustainability for example the EV transition and battery sourcing and with ethical issues such as recalls and regulatory compliance. The outcome is to show why ethical issues and CSR are important for long term success in the automative industry and to highlight the challenges companies face when balancing profit, people and the planet .

Definitions of business ethics and CSR

Business ethics indicates to the values and principles which guide on how a company behaves (Crane & Matten, 2019). Ethical business behaviour refers to being honest, treating people fairly and respectfully, following law and guidelines and taking responsibility for their actions . Therefore, when companies do not condone with any of these rules they may face legal problems, reputational damage and a loss of customer trust.

Corporate social responsibility is the idea that businesses go beyond making profit . This includes the impact they have on society and the environment as well as their expectations of stakeholders (Caroll, 1991). CSR mainly focuses on reducing emissions, improving sustainability, ensuring customer safety and maintain ethical supply chains

Carrolls CSR pyramid

The Carroll's CSR pyramid breaks down into four layers: economic, legal, ethical, and philanthropic. Economic responsibilities indicate that businesses must remain profitable to survive. Legal responsibilities involve following all laws and regulations which are entitled to the companies. Ethical responsibilities require acting fairly and avoiding harm. Philanthropic responsibilities ensure that voluntary actions benefit society such as community initiatives. I will now also provide two examples from two car companies. Volkswagen's 2015 emission scandal clearly shows what happens when legal and ethical responsibilities are ignored. The company installed software to cheat emission tests, misleading regulators and customers. This may have helped the company in the short time but in the long run it failed to meet ethical and legal requirements which in fact lead to billions of fines and long-term reputational damage. However, Volkswagen due to this scandal has been making improvements by trying to gain more trust by investing heavily in electric vehicle technology and improving transparency. Although the company may not be able to change its past, its recent actions suggest an attempt to meet ethical and environmental standards more consistently. In contrast, Toyota is known for its strong safety culture and hybrid technology which is eco-friendly. Its development of the Prius and other environmentally friendly vehicles ensures commitment to ethical and philanthropic responsibilities, as the company aims to reduce emissions and contribute to a more sustainable industry. Toyota is also known for its continuous improvement, which in fact promotes reasonable production, efficiency, and safety. The company also demonstrates ethical behaviour by recalling vehicles when problems arise, showing responsibility towards consumer safety.

The triple bottom line

The triple bottom line model argues that companies should measure their performance in three areas: people (social responsibility), planet (environmental impact), and profit (financial impact). This model is particularly relevant in the automotive sector because of its growing expectations for environmental sustainability. For example, Tesla supports the environmental aspect of TBL by making electric vehicles designed to reduce emissions. On the other hand, the company faced backlash due to concerns about working conditions and ethical issues in the sourcing of battery materials like cobalt (Banza et al., 2020). This proves that even strong companies with strong environmental goals can still face ethical challenges in other areas. Another example will be Toyota as it has taken a more balanced approach across all three of the TBL. The company invests in hybrid vehicles, hydrogen technology, and carbon-neutral manufacturing processes, ensuring its commitment to profit, people, and planet all at the same time.

Conclusion

To conclude this essay has explained the concepts of business ethics CSR using Carroll's CSR pyramid and the triple bottom line model. By examining Tesla, Toyota and Volkswagen it becomes clear that the automotive industry does also face ethical and sustainability challenges. Companies which take CSR seriously and act ethically are more likely to maintain and gain trust, comply with regulations and law and achieve long term success. Ethical behaviour and CSR are no longer optional they are a must for any automotive company operating in a rapidly changing and environmentally market. The examples provided prove that while companies have made progress, responsibility is still required and constant improvement and commitment to balance profit with responsibilities to people and the planet

References

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