

Module Title: Introduction to Business

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Introduction

As businesses worldwide contend with more extensive social and environmental demands, the trust and competitiveness of ethical governance come to the forefront for companies. In the automotive industry, accountability has shifted beyond mere compliance to include the dimensions of stewardship concerning the complexity and crossing of the international supply chains to include transparency, the environment, and the upholding of human rights. With respect to ethical behaviour, business ethics and corporate social responsibility (CSR) fulfil the guiding normative frameworks within which responsible action and decision-making is taken, and action is taken, respectively (Crane and Matten, 2023). This paper focuses on the ethical governance and globalisation of accountability for sustainability developed by BMW, Kia, and Ford. Using Carroll's CSR Pyramid and Freeman's Stakeholder Theory, it evaluates the moral dimensions of the economic value created by these companies. The argument developed here is that true corporate success relies on ethical, as opposed to merely effective, leadership and the ability of corporations to combine economic profit with a social (aligned) purpose.

Defining Business Ethics and Corporate Social Responsibility

The term 'business ethics' refers to the moral vectors that corporations use to make decisions that will have an impact on people, the community, and the planet, and describe the structures that will mark the use of ethical values and structures that will be measurable. It combines fairness, honesty, and responsibility at every level of the enterprise. Ethics demands responsibility for one's decisions and actions. It will provision adherence to the letter of the law, use of the law to justify conduct that utilises the law for actions that will have a powerful impact on the bottom line, and on the winning of the game, overriding competitive pressures in the industry. The automotive industry safeguards and controls ethics and public confidence in the industry in the international market, and in the provision of automotive products in the international market.

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Theoretical Models

Two essential frameworks advance an understanding of business ethics and CSR: Carroll's CSR Pyramid and Freeman's Stakeholder Theory. According to Carroll (2021), there are four 'responsibilities' which he prioritises and classifies as economic, legal, ethical, and philanthropic. The first and most foundational level consists of necessary profit and financial stability, the next of which describes the obligation of legal compliance. The ethical tier prioritises the other morally relevant virtues of fairness, transparency, and respect, while the philanthropic tier describes voluntary helpfulness. This model illustrates how ethical governance is most advanced when all four tiers are harmonised, reflecting a nuanced balance of profit and counterbalancing moral/ethical obligations and the duties/responsibilities to the community.

Complementing Carroll's model, Stakeholder Theory (Freeman, 2020) redefines the locus of responsibility within business relationships. Rather than profit, Freeman argues that all the constituents of a business, that is, employees, customers, suppliers, and even the local community and the government should be taken into account. This underscores the importance of social and cooperative relationships, as opposed to the predatory capitalist view of business relationships, which, in the long run, are detrimental to the trust-based, collaborative relationships that are necessary for social sustainability. In the automotive sector, the social and cooperative relationships of other sectors and the Ontario Stakeholder approach diversifies the labour and confronts the environmental social governance 'challenges'. These frameworks offer a strong foundation for businesses to be competitive in CSR in today's socially aware global environment.

Application to the Automotive Industry

The impact of ethical governance and social responsibility on the value and public perception of a brand is evident in the automotive industry. For example, BMW automaker displays this value of social responsibility in the business 'Sustainability 360' (BMW Group, 2024). BMW's social responsibility and accountability within the value chain is evident where the company focuses on renewable sources of energy and oversees the sourcing of raw materials.

Likewise, Kia Motors has 'Plan S' sustainability strategy where the company aims to switch to fully electric mobility by the year 2030 (Kia Corporation, 2024). The ethical value Kia is demonstrating is by partnering with communities and investing in education to support clean technology. The environment is not only a goal for Kia, the company integrates it to employee empowerment and fair labour practices proving ethical corporate culture and a culture of social responsibility must co-exist.

As part of the company's evolving CSR initiatives, Ford strives to combine social innovation and value. Ford's "Better World" programmes focus on ease of movement, water preservation, and community resilience (Ford Motor Company, 2024). With the "Better World" programmes Ford Motor Company, Ford illustrates the philanthropic and ethical aspects of Carroll's pyramid and shows the value of trust and loyalty gained from stakeholder engagement.

As shown by Ford, Kia, and BMW, ethical governance coupled with innovation and rational transparency facilitates the unlocking of secondary competitive value. With sustainability ingrained in the corporate governance, the value and reputation earned in return far exceed the profit from the investment.

Conclusion

The global automotive industry continues to recognise the value of innovation alongside ethical governance and reputation management. As seen in the examples of BMW, Kia, and Ford, ethical governance and innovation come hand in hand. These companies emblematic of 'doing well' alongside 'doing good' through integrity, inclusivity, and sustainability align with the tenets according to Freeman's Stakeholder Theory and Carroll's CSR Pyramid.

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