

Essay on Business Ethics and CSR

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Introduction:

In this essay I will be, defining both Business Ethics and CSR(Corporate Social Responsibility) based on academic sources. Afterwards I will expand these concepts further and explain them and why they are important for the healthy function of a competitive business in the modern world providing examples, focusing particularly on the automotive industry. I will also use the Triple Bottom Line and Carroll's CSR Pyramid models in order to further expand the concepts presented.

Business Ethics and CSR:

Business Ethics means applying ethical values to business behaviour. It encompasses the conduct of the individuals within the company, but also the conduct of the organisation collectively, and it is applied to any and all of the functions a business may perform (*Institute of Business Ethics, 2025*).

Business Ethics are widely practised and used within modern companies more than ever before. One of the main benefits of practising Business Ethics in a company is that it will build a positive reputation for its investors, customers and employees by showing them that they are making a positive social impact with their business activities. This will help build trust for the investors, customers and employees towards that company, which will help maintain long-term growth through brand loyalty (*London School of Business Administration, 2023*). An example of this being practised is in 2011 when Toyota recalled millions of vehicles after safety concerns were identified and implemented stronger quality-control measures to protect customers. Although the recalls were expensive, Toyota implemented an approach focused on business ethics prioritising consumer safety and transparency, helping the company restore trust and maintain its long-term reputation despite the high short-term costs. (*Stobierski, T. 2021*)

An example in the automotive industry of a failure to follow Business Ethics and its consequences is how in 2015, it was discovered by government regulators that Volkswagen was cheating on emission tests and they were forced by the government to recall all the vehicles that had cheated emissions test and to pay multiple fines.

CSR(Corporate Social Responsibility) is about the grand impact that the activities of a business have on society, environment and the economy. CSR means that companies should not only focus on profits and growth, but making sure that while the company grows and expands the the activities of the company are overall positive towards society, environment and the economy (*CIPD, 2022*). The CSR Pyramid helps explain the concept of CSR, it states that the company should follow four principal rules in order to create a positive impact, these are: To be economically profitable, to obey the law, to be ethically

responsible and to give to philanthropic causes (Carroll, A. B. 1991)

CSR is not burden on companies, in today's business landscape it is highly beneficial for long-term growth prospects for a company to operate in consideration with CSR. Nowadays as people are more conscious about the effects of various industries and sectors on the environment around them and the planet at large it is very important for companies to show their business models include a significant consideration of CSR in order to have a positive reputation among their potential and current customers. For example the automotive company Ford has significantly invested into its electric vehicles and plans to transition into manufacturing mostly electric vehicles in the coming years, Ford has also shifted into using mostly renewable energies in their manufacturing process. The Triple Bottom Line framework can be applied to show how these policies fit into CSR. The Triple Bottom Line focuses on three factors in order for a company to fulfill its CSR: Profit, People and Planet (Boyles, M. 2023). In this case, Ford has satisfied all three factors, as growing demand for Evs is expected to drive up the company's Profit, the People have been considered as Evs will create a cleaner environment in the cities and the Planet has been considered as the renewable energy focus will help to decrease global greenhouse gas emissions.

Conclusion:

Overall, the practise of Business Ethics is about acting in good faith towards all the parties that the business may affect. Business Ethics are very relevant nowadays and they also serve to benefit any company practising good Business Ethics greatly in the long term, the example of Toyota recalling millions of vehicles in 2011 to save their long-term reputation demonstrates this. CSR is a concept which states that a company has a responsibility to be beneficial to society as a whole and it is highly beneficial for the company to follow in order to maintain a positive reputation.

These two concepts go hand in hand and they both show that companies nowadays are expected to go beyond simplistic profit taking in their business strategies, they are expected to invest in the communities they are a part of and care for the parties which they affect. This is especially relevant in the automotive industry as they are at the epicentre of the concern for greenhouse emissions, are mostly responsible for air pollution in cities and their manufacturing plants are very important in whatever region they are in³. As people are more aware of these issues and the governments put greater pressure on companies to fulfill their obligations any automotive company which hopes to have good long-term prospects in today's world needs to consider Business Ethics and CSR.

Sources:

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