

BUSINESS, ETHICS AND SOCIAL RESPONSIBILITY FINALS REVIEWER

April 23, 2019 Tuesday

❖ ETHICAL ISSUES IN CONSUMER RELATIONS

- 1. Consumer Protection**
- 2. Advertising Ethics**
- 3. Marketing to Children**
- 4. Fair and Just Price**

Four Approaches to Consumer Protection By Manuel Velasquez

1. The Market Approach

- assumes that the free market will ensure protection of the buyers from unreasonably high prices and low-quality and hazardous products

Weakness of the Market Approach

- assumes that there is perfect competition in the market economy (wrong assumption according to Manuel Velasquez)

Wrong Assumption:

1. Buyers' insufficient knowledge about the product or service (information asymmetry)
2. Consumer markets are usually monopolies or oligopolies. (monopolies-siya lang gumagawa wala ng iba, oligopoly- konti lang pinagbenta)

2. The Contract View Approach

- claims that sellers and buyers always enter into a contractual agreement

Four conditions:

1. Buyers and seller have full knowledge of the nature of the contract
2. There is no misrepresentation of relevant facts
3. There is consent from both parties (not coercive)
4. Both parties have adequate information regarding the product

Four important duties of a business:

1. Duty to comply with express and implies claims of reliability, service life, maintainability and safety. (sellers' moral obligation to deliver what it claims to be the products features)
2. Duty if disclosure (seller's moral obligation to reveal the relevant facts about the products and the terms and conditions of the sale)
3. Duty not to misrepresent (sellers deliberate attempt to deceive and mislead the buyer just to sell the product, "bait and switch" tactic)
4. Duty not to coerce (moral obligation of the seller not to take advantage of a buyer's fear, emotional stress, immaturity, and ignorance that may hinder the buyer's ability to choose freely whether to buy or not to buy)

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Weakness of the Contract View Approach

- assumes that the buyer and seller meet each other as equals in the sales agreement (information asymmetry)
- The equality assumed in this approach is more of an exception than the rule.

3. The Due Care Approach

- main assumption: in a business transaction, the buyer and the seller are not on equal footing.
- the seller has the duty to take all the necessary precautions so that the buyer will not be harmed by the product
- Caveat emptor - let the buyer beware
- Caveat vendor - let the seller beware
- warnings
- sellers are responsible

4. The Social Cost Approach/View

- seller of a product has legal responsibilities to compensate the user of that product for injuries suffered because of a defective aspect of the product, even when the seller has not been negligent in permitting that defect to occur.

Weakness of the social costs view:

1. A form of injustices on the part of the manufacturer
2. It cannot assure that accidents will not happen
3. Irresponsibility and complacency and abuse of the consumer knowing that they can always get back on the manufacturer
4. Big expenses on insurance companies which leads to high insurance premium

The Consumer Act of the Philippines Republic Act 7394

1. Protection against hazards to health and safety
2. Protection against deceptive, unfair and unconscionable sales acts and practices.
3. Provision of information and education to facilitate sound choice and the proper exercise of the rights by consumer;
4. Provision of adequate rights and means of redress (remedy or repair); and
5. Involvement of consumer representative in the formulation of social economic policies.

Ethics of Advertising

- advertising - "techniques and practices used to bring products, services, opinions, or cause to public notice for the purpose of persuading the public to respond in a certain way
- to inform public: new products, alternative products and features, uses and benefits of the products
- Twin purpose: informational advertising & persuasive advertising

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Political Advertising
- used by politicians

Commercial Advertising
- an organized method of communication information about a product service which a company wants to sell to the people.

1. Social effects

- advertising creates a highly consumerist and materialistic culture and society.

2. Effects on Desire

- advertisers create needs or turn mere wants into needs
- manipulation violates a fundamental right:
"The consumer's right to be treated as a free and equal rational being"

3. Effects in Belief

- deception
- consumer bill or rights

Marketing to Children

- MTRCB
- more on issues about health

Ethical Issues on Pricing

- conditions to determine if a product price is just and fair:
1. There must be sufficient information about the product both on the seller and the buyer
2. Free negotiation on both sides of buyer and seller
3. No extraordinary circumstances that put pressure on the buyer or the seller.

❖ SOME ETHICAL ISSUES ON EMPLOYER - WORKER RELATIONS

When can we say a wage is just and fair?
A living wage is a moral value.

Just and Fair Wage according to Manuel Velasquez

1. Comparative Wage
- consider the prevailing wage in the industry

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2. Capability of the Business

- .. moral duty of the business owners to increase the salary of the workers
- how to get capital for your start up business

3. Nature of the Job

- .. greater health risks, heavier burdens (physical or emotional), require more training or experience

4. Laws on Minimum Wage

- .. the least that the business owner can do for the workers

5. Relative proportionality and similarity of the nature of job of the workers

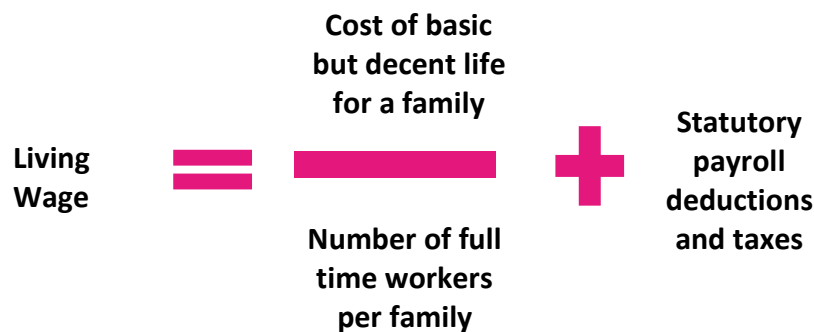
- .. salary must not have significant difference lest causing the loss of morale among workers

6. Wage negotiations (through Collective Bargaining Agreement - CBA)

- .. NO to coercive or deceitful negotiations

7. Living Wage vs the Minimum Wage

- .. COST of living within the locality



Living Wage – the amount of money a full-time employee needs to afford the necessities of life, support a family, and live above the poverty line.

Minimum Wage – the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract.

Labor Contractualization

“Hiring workers for short-term, non-regular employment without the benefits accorded by law to regular workers.” by Satur Ocampo

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Main Reason for Contractualization

- reduction of cost
- not allowed to assemble or established a union

Benefits of Contractualization

- employers do not encounter the ordinary problems of workers who become lax and less productive
- many employers believe that when a worker is contractual, he or she is likely to be serious and more productive
- contractualization frees the employers from the high costs of employee benefits
- more workers are given the opportunity to work (after 5 months a new batch of contractual workers are hired)

Criticisms on Contractualization

- undermines basic rights of workers (e.g. Security of tenure, right to other benefits, right to organize and to join unions etc.)
- false claims (mere lip service of many companies) that contractual workers have the same benefits with regular employees (insurance, health, safety, social and welfare)
- degrade the value of work and the worker. Work and worker are reduced to mere commodity that can easily be replaced, bought and sold.
- violates fundamental justice. With huge profits but contractual workers receive only a minimum wage and benefits
- an open invitation to more abuses of the rights of workers (poor working condition, unsafe workplace, wages below what is prescribed by the law)

What is a labor union? How important is the union in an organization?

Labor Union

- an organized group of workers, often in a trade or profession, formed to protect and further their rights and interests
- an association of employees that advances member interests through collective bargaining with an employer
- Areas of Negotiation typically includes wages, benefits, work rules, and other conditions of employment, such as hiring, discipline, and termination of employees.
- A valuable component in the aspiration to reduce inherent tensions between capital and labor.

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The RIGHT to FORM UNION and to STRIKE

- The right to organize is part of the fundamental human rights enshrined in the 1948 UN's Universal Declaration of Human Rights (UDHR)
- 1987 PH Constitution reiterates (Article 3 of Bill of Rights) declares: "The right of the people, including those employed in the public and private sectors, to form union, associations, or societies for purposes not contrary to law shall not be abridged."

Example of labor union in a sentence,

- during the late nineteenth century, workers formed labor unions to fight for better wages and working conditions

Everyone has the right to freedom of assembly and association. (Universal Declaration of Human Rights Article 20 1948)

No law shall be passed abridging freedom of speech, expression, press and right of people. (Philippine Bull of Rights Article III section 4 1987)

Main Objectives of Union

1. Democratization of Wealth

- Refers to the labor union's objective of ensuring that the workers receive just wage and safe working conditions; assurance from the employer not to abuse and exploit workers.

2. Democratization of Power

- Labor union's objective of balancing the power between the employer and the employee; equality and interdependence between ER and EEs.
- equalizing the functions, leveling the playing field

3. Humanizing the Working Class

- pertains to the function of the labor union to educate the workers, the employers and the society as a whole about the value of human labor and the dignity of the workers
- *Ultimately, people must not consider laborer as inferior individuals.*

UNIONISM

Collective Bargaining (CBA)

- concrete results of the negotiation between the ER and EEs.
- it is the written contract that stipulates, among others the specific rights, benefits, and duties of the workers.
- Only applies to a labor union; a major factor that avoids **employment-at-will** (no longer an acceptable practice)
- through and only union we can achieve collective bargaining
- embraces the various negotiating methods and procedures which are used to reach agreement between trade unions and employers at all levels.

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- from the individual workplace to the company, National or Regional,
- between single unions and employers, or between groups of unions and employers' federation.

Labor Strike

- occurs when an organized body of workers withholds its labor to force the employer to comply with its demands; work stoppage by the workers.
- it is also a basic right of the workers but must be tempered by the conscientious duties of the workers due to its economic and social disadvantages

Conditions for a Morally Justified Labor Strike (William Shaw)

- ✓ There must be a just case (e.g. unjust wages, inhuman working conditions)
- ✓ There must be proper authorization from the union members and from the DOLE
- ✓ Must be the last resort, all attempts and efforts by both parties had already been exhausted; there's a CBA deadlock

The Collective Bargaining Process

Preparing to meet

Union negotiating team determines needs of members. Meanwhile, management tries to anticipate the union's demands and decides what .. willing to offer.



Meeting

Both sides present their demands, and bargaining follows. Union may call for strike vote to demonstrate to management its members' solidarity.



Reaching an agreement

If bargaining is successful and a tentative agreement is reached, the agreement goes out to union members for ratification by vote.



Voting and ratification

If union members approve of the agreement, it's ratified and can be signed by union and company leaders. If not, negotiators return to the bargaining table.

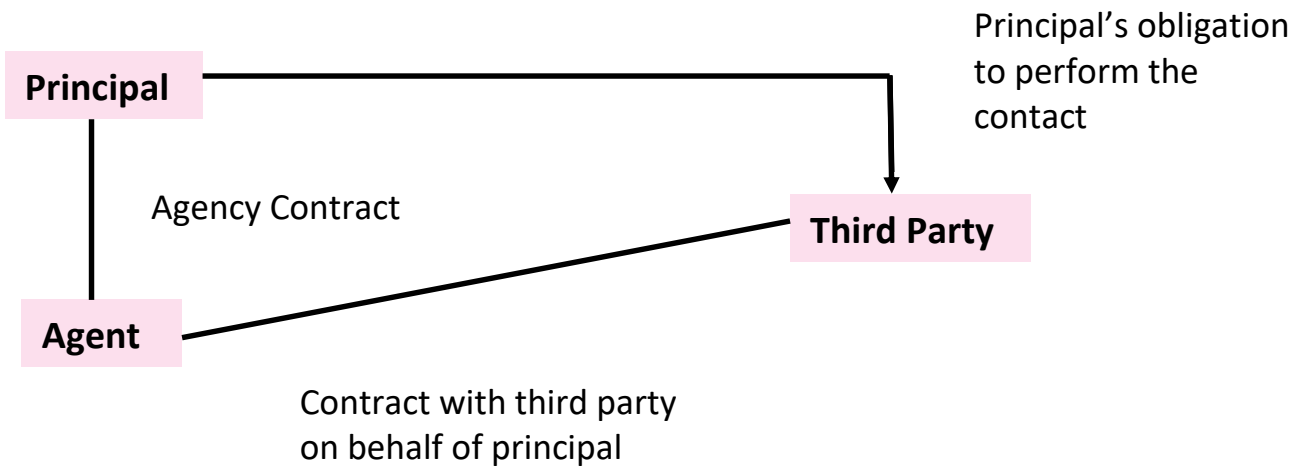


Contract

Theory of Agency

- The basic principle that underlies the duties of the employees toward the employer.
- A consensual relationship created by contract or by law where one party, the principal, grants authority for another party, the agent, to act on behalf of and under the control of the principal to deal with the third party.

The Principal-Agent Relationship



Agent – is the employee

Principal – is the business owner

“Agency relations take on a special character when the principal is highly dependent on, or vulnerable to, the actions of an agent who has agreed to act on behalf of the principal.”

Fiduciary Duty

- The legal and technical term to refer to the obligations of the employee (agent) to always act on behalf of his or her employer (principal). Aids in keeping the company integrity intact.
- A legal obligation of one party to act in the best interest of another.
- **Fiduciary** – a person who has been entrusted with the care of another's property or valuable; from the Latin word “fidere” which means “to trust”

The Three Main Principles (John Boatright)

1. Candor

- Refers to the agent's moral duty to be always truthful and honest to his or her principal. He must always disclose all relevant and vital information to the principal. The owner has the right to know what is happening to the business.
- A fiduciary has a duty of candor to disclose all information that the beneficiary would consider relevant to the relationship.
- A violation of fiduciary duty of candor could be
 - o an attorney or an investment banker concealing important information from a client
 - o the director of a company remaining silent about matters that are critical to a decision under discussion

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Candor is:

- making your expectations clear at the beginning of anything new
- acknowledging when you get what you want
- talking about challenges when they happen

Candor is not:

- just bad news and hard conversation

2. Care

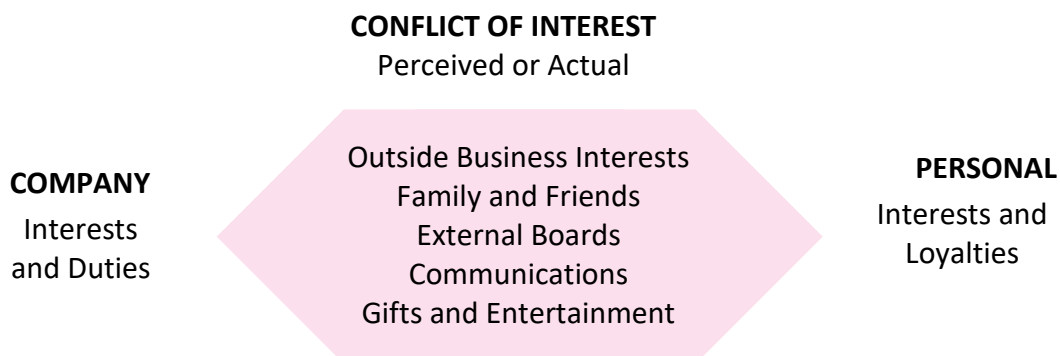
- When a property or assets are entrusted to a fiduciary – the trustee of a trust, for example – that person should manage what is entrusted with due care, which is the care that a reasonable, prudent person would exercise.
- It might be a breach of fiduciary duty, for example, for a trustee to invest trust assets in high-risk securities reasonably incompatible with the beneficiary's interests.
- Refers to the duty of the employee to take good care of all the assets entrusted to him or her by the business owner
- These assets include money and properties

3. Loyalty

- A duty of loyalty requires a fiduciary to do two things:
 - a broad obligation that covers many things. The employee's duty "to act in the interest of the beneficiary and to avoid taking any personal advantage of the relationship"
 - act in the interest of the beneficiary, by acting as the beneficiary would if he or she had the knowledge and skills of the fiduciary.
 - avoid taking any personal advantage of the relationship. Taking *personal advantage* is deriving any benefit from the relationship without the knowledge and consent of the beneficiary.

Conflict of Interest

- an actual or potential violation of a fiduciary duty of loyalty to the business owner
- exists when "the independence and impartiality of decision-makers is compromised due to competing interests influencing the outcome of a decision, for personal benefit in particular.



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Conflict of Interest – Samples

- nepotism
- patronizing own business (say, by a Purchasing Officer to buy the company's supplies)
- self-dealing
- acceptance of bribes
- direct competition
- use of confidential information

Whistleblowing

- An attempt by a member or former member of an organization to disclose wrongdoing in or by the organization
- In some cases, the employee has the moral duty to break its loyalty towards the company and think of his/her greater responsibility towards the public.

Defining of Whistle-Blowing

- one who reveals wrong doing within an organization to the public or to those in positions of authority.
- one who discloses information about misconduct in their workplace that they feel violates the law or endangers the welfare of others
- one who speaks out, typically to expose corruption or dangers to the public or environment

Conditions of Morally Justifiable Whistleblowing

1. Whistleblowers must have sufficient and accurate evidences of wrongdoing.
2. Whistleblower must have already exhausted all means to resolve the issue internally with his or her superiors.
3. There should be a high probability that whistle-blowing would lead to correction of the wrongdoing.
4. The wrongdoing must be something so serious that it justifies the potential harmful effects to the whistle blower and his/her family and to other involved parties.

❖ ETHICAL ISSUES IN RELATION TO GOVERNMENT

Two of the most rampant ethical issues in the Philippines

1. Tax evasion
2. Bribery

Tax - a means by which government finance their expenditure by imposing characters on citizens and corporate entities.

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Two kinds of Taxation:

1. Individual taxation - directed to the individual citizens who gain income and who consume goods and services
2. Business/corporate taxation - directed to the income accumulated by the different forms of business establishments

Forms of taxes one has to pay in business

1. Corporate taxes
2. Value-added taxes
3. Other taxes

Reason for taxation

- charges are imposed to support the government in exchange for the general advantages and protection afforded by the government to the taxpayer and his or her property. Thus, taxation cannot be voluntary.
- for the purpose of social welfare and wealth redistribution
- train tax reform of 2018

Two common ways of escaping taxation

1. Tax evasion (illegal unethical)

- Failure to make full disclosure to the government. Use of fraudulence on the part of the taxpayer
- Both illegal and unethical
- violators are subject to criminal

Common practices:

1. underreporting of income,
2. overstatement of expenses,
3. use of fictitious receipts,
4. the keeping of double sets of books
5. false or fictitious entries in books,
6. fictitious transactions in the name of dummies

2. Tax avoidance (legal but not always ethical if not follow laws/depending on the intention)

- use of lawful tax planning techniques
- legal but raises some ethical questions
- no charges because the tax avoidance is legal
- Common practices:

1. Rearrangements of one's economic activities in order to lower the tax liability

Example:

- moving capital or labor to areas, geographical or otherwise, where tax rates are lower
-

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- manipulating the tax parameters through the legal means to spread or defer the tax liability over time thereby effectively reducing the tax rate

Note: While tax avoidance is generally considered as acceptable and legal, its impact on the economy is very similar with the tax evasion practices; "loss of government revenue, increase in taxpayer's after-tax income, and perverse effects on the equity and efficiency goals of the tax system.

Why is tax evasion ethically wrong?

- when you evade taxes you also undermine the most important purposes of taxation (earlier discussed)
- you disobey a legitimate government

Tax avoidance when legal and ethical

- it is legal and at the same time ethical only if done in conformity with the true purpose of taxation -- to help the government run the society and to redistribute wealth to its needy members.

Considering the corruption in the Philippines, businessmen think that is good to deny the government the money and instead direct it to the society at large by enabling economic growth.

As a response to this, we can say that a corrupt activity cannot be resolved by another potentially corrupt activity.

Gross Income

- Less deductions
 - Less exemption
- = taxable income tax x tax rate = tax due

Bribery

Bribery is generally considered a form of corruption. Corruption is dishonesty or deliberate dereliction of duty for personal gain by a government official or a private entity official.

Bribery occurs when property or personal advantage is offered, without the authority of law, to a public official with the intent that the public official act favorably to the offeror of any time or fashion in execution of the public official's duties. (Scott Furrow)

Is bribery ethically wrong?

Yes. Every act of bribery does not happen in a vacuum. Corruption is not a victimless crime.

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Why is bribery ethically wrong?

- bribery violates the fundamental notion of equality
- it undermines the vitality of the institutions affected

❖ ETHICAL ISSUES RELATED TO NATURAL ENVIRONMENT

Ethics

- The discipline in Philosophy that studies the moral relationship of human beings to, and also the value and moral status of, the environment and its nonhuman content.

Business institutions have a significant role in the degradation of our planet's ecology. Environment is a stakeholder of the business enterprise.

1. Anthropocentrism

We can best protect nature by looking out for human needs.

- Anthropocentric/homocentric view
- The view that human beings are the central fact on earth
- Other existents (animals, plants, minerals, etc.) are lower in form and to be taken to be of inferior nature in comparison to human beings.
- The natural environment has no moral value in itself. It only becomes valuable in relation to human beings.

Ex. Ducks Unlimited preserves wetlands.

Ex. Saving the rainforests will provide O₂ and medicines for humans.

Problem: Would you blow up the world if you were the last human?

Anthropocentric Extensionism

- Moral duty to care for the environment is not only on account of the presently existing human beings but also on account of those who do not exist yet, the unborn.
- Also called "Duties to posterity" or the moral obligation to "the type of world that future people would inherit from us"
- Critical Question: Whether people who do not exist yet can really have rights
- John Rawls' Theory of Justice: "Original Position"

Check next page

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Animal Rights and Animal Welfare

<p>Jeremy Bentham</p> <ul style="list-style-type: none">- one of the earliest proponents of animal rights- Animals also suffer. Just like human beings, they deserve moral consideration.	<p>Joel Feinberg</p> <ul style="list-style-type: none">- Animals have the potential to develop and prosper- Animals possess basic intelligence and have interests- Animals have rights to deserve moral standing and consideration	<p>Peter Singer</p> <ul style="list-style-type: none">- If a being suffers, there can be no moral justification for refusing to take this suffering into consideration- "speciesism"- Defends animal welfare on utilitarian considerations	<p>Tom Regan</p> <ul style="list-style-type: none">- Argues for moral status of animals- Focuses on ethical treatment of animals based on the inherent rights they possess- "subject of a life"
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2. Biocentric/Biocentrism

Life-centered morality or "Centrality of Life"

- All and only living beings, specifically individual organisms have intrinsic value and moral standing.
- ALL life deserves equal moral consideration or has equal moral standing
- Everything that has life has values independent from the concerns of human beings
- Humans are not superior to other life forms nor privileged, and must respect the inherent worth of every organism. They do not have outstanding dignity over other animals.
- Humans should minimize harm and interference with nature: eat vegetables since less land needs to be cultivated

3. Eco-centric Holism

Ecosystem centered morality

- Greek word "oikos" (house) "kentron" (center)
- Non-individuals (the earth as an interconnected ecosystem, species, natural processes) have moral standing or intrinsic value and are deserving of respect. Individuals must be concerned about the whole community of life/nature. Humans should strive to preserve ecological balance and stability.
- HOUSE-CENTERED – the natural environment is a house for everybody and everything living things & nonliving things alike.
- Views natural environment as one giant ecosystem where everything is interconnected.

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Land Ethic

- Paradigm shift in the role of Homo Sapiens from conqueror of the land-community to plain member and citizen of it.
- "A universal symbiosis with land"

Ecological Conscience

- Ethics of community life where community is understood as nature consisting of human beings, animals, soil and water, and where there is a kind of renunciation of humanity's "illusion of separateness from and superiority over" nature
- Inherent harmony between people and earth

<p>Arne Naess</p> <ul style="list-style-type: none">- One of the founders of environmental philosophy- Coined the term "deep ecology"; founding figure: "Deep School Ecology"- Acting on behalf of others and the ecosphere because of enlightened self-interest and not because of duty or moral obligation	<p>James Lovelock</p> <ul style="list-style-type: none">- Gaia Hypothesis- GAIA: Greek supreme goddess of the earth- Earth is not just a source of life but a living thing; Single organism- A looming catastrophe awaits human beings unless key changes toward the environment is done
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Environmental Colonialism

- The drastic effect of western colonization to the natural environment of the colonized. Due to the influence of Western worldview and practices.
- **Ecological Imperialism (Ecocollonialism)** is one of the most important environmental ethical issues.
- Mary Lyn Stoll: "The colonial powers created a global infrastructure that encouraged the extraction of natural resources from poor peripheral countries by rich core countries while at the same time undermining sustainable native cultures"

4. Social Ecology

- Founded by activist Murray Bookchin, social ecology is an approach to society that embraces an ecological, reconstructive, and communitarian view on society. This ideology looks to reconstruct and transform current outlooks on both social issues and environmental factors while promoting direct democracy.
- It looks to do away with scarcity and hierarchy in the economy in favor of a world in which human communities work together in harmony with nature to accept and promote diversity as well as creativity and freedom.

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5. Eco-feminism

- Seeks to understand the connections between woman and nature and between the domination of women by men and that of nature by man
- "The position that there are important connections between how one treats women, people of color, and the underclass on one hand and how one treats the nonhuman natural environment on the other"
- Environmental degradation and women's subordination are mutually implicated
- Reject patriarchal dualisms
- The domination of nature by men is wrong
 - o is similar to and related to the domination of women by men
- Must break the pattern of "power over" relationship
 - o Will benefit both women and the natural world

Ecopedagogy

- "Making changes on economic social, and cultural structures"
- Views environmental education as a form of critique of unbridled capitalism and its concomitant neoliberal ideology – globalization as a driving force of hyper-consumeristic and materialistic culture.

Business Activity and Environmental Ethics

- o Environmental Sustainability – concrete positive responses of the business institution in addressing the issues raised by environmental ethicists
- o Contribute meaningful programs for the preservation of the environment

Various World Views and Ethical Perspectives

Philosophy	Intrinsic Value	Instrumental Value	Role of Humans
Anthropocentric	Humans	Nature	Masters
Stewardship	Humans and	Tools	Caretakers
Biocentric	Nature	Abiotic Nature	One of many
Ecocentric	Species	Individuals	Preservers
Ecofeminism	Processes	Roles	Caregivers
	Relationships		

Stewardship = Moral Responsibility

Moral responsibility is nothing more than our capacity to be human and being able to take care of everything around us.

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Stewardship

4 Criteria of Moral Responsibility

- The person has knowledge of the consequence of the act.
- The person has the capacity to do the act.
- The person has the choice to do it.

Man has moral responsibility towards nature

We know that we can cause permanent damage to natural landscapes, resources and ecosystems.

We know that we can cause them.

We know how we can prevent or remedy them.

Pope Francis on the Environment

The 9 Main Themes of Laudato Si

- The intimate relationship between the poor and fragility of the planet
- The value proper to each creature
- The human meaning of ecology
- The conviction that everything in the world is connected,
- The throwaway culture and the proposal of a new lifestyle
- The critique of new paradigms and forms of power derived from technology
- The call to seek other ways of understanding the economy and progress
- The need for forthright and honest debate
- The serious responsibility of international and local policy

“The care of the Earth is our most ancient and worthiest, and after all our most pleasing responsibility. To cherish what remains of it and to foster its renewal is our only hope.”

- Wendell Berry

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The concept of Corporate Social Responsibility applies to all organization, not just merely referring to multinational companies and giant firms.

In a capitalist economy there is one and only social responsibility of business:

To use its resources and engage in activities designed to increase its profits as long as it stays within the rules of the game – engages in open and free competition, without deception or fraud – Milton Friedman.

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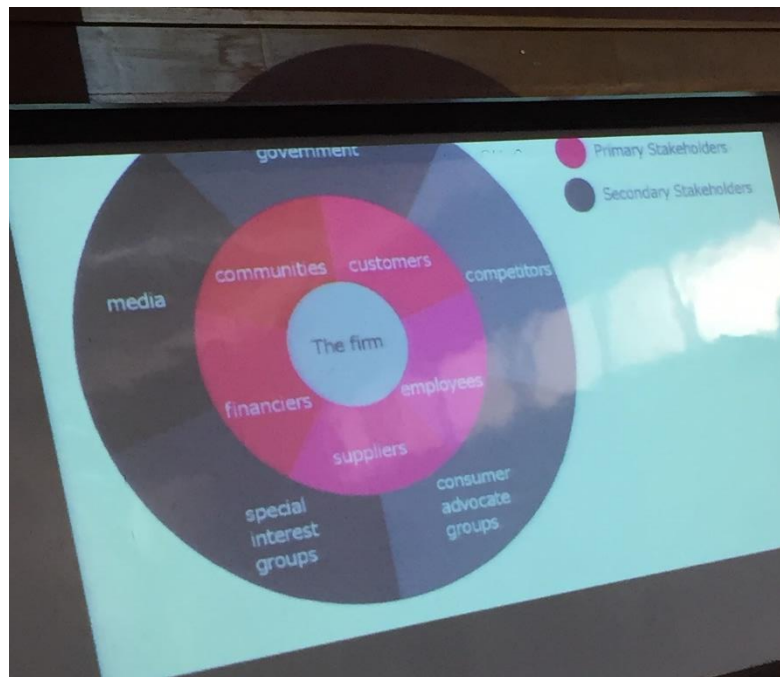
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Prominent definitions of CSR:

- An approach that an organization takes in balancing its responsibilities toward different stakeholders when making legal, economic, ethical and social decisions.
- Describes how companies integrate social, environmental, and technical concerns into the business decision-making process and their interactions with stakeholders on a voluntary basis.

Corporation

- Stakeholder refers to any group or individual who can affect or is affected by the achievement of the organization's objectives – Freeman
- Samples are shareholders, employees, customers, suppliers, competitors, government, non-government organizations, community and the natural environment.
- A business organization has operational consequences to the natural environment, the community, employees, customers and many other interest groups.
- The viability of a business organization depends on how it manages the various stakeholders effectively and efficiently.



- Concept of CSR is in disagreement with Friedman's understanding of the firm – SHAREHOLDER-FCOUSED
- Social responsibility of business pertains to the business decisions and actions taken for reasons at least **partially beyond** the firm's direct or economic or technical interest (Keith Davis)

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Howard Bowen

- Father of Modern CSR
- Believed that a business person has a social responsibility because the society itself has values that it expects the business institution to be responsible for as well.

Five Dimensions of CSR (A. Dahisrud, 2006)

- o Environmental – pertains to direct assertions of concern for the natural environment.
- o Social – points to the aspect wherein the business is conscious of its impact to the communities
- o Economic – pertains to the emphasis on preserving the economic viability and profitability of the business organization
- o Stakeholder – emphasizes the importance of how other stakeholders such as employees, suppliers and customers are fairly and justly treated.
- o Voluntarism – speaks of going beyond the requirement of law and as being motivated by ethics and values

Why would a company want to be social responsible?

Social responsibility is important to a business because it demonstrates to both consumers and the media that the company takes an interest in wider social values that have no direct impact on profit margins... Thus, in turn, leads to greater profits for a business.

Other potential benefits of CSR to companies:

- Better brand recognition
- Positive business reputation
- Increased sales and customer loyalty
- Operational costs savings
- Better financial performance
- Greater ability to attract talent and retain staff
- Organizational growth
- Easier access to capital

Triple Bottom Line (J. Elkington, 1994)

- Refers to economic prosperity, environmental quality and social justice
- People, Profit and Planet
- Profitable growth is completely compatible with doing the right thing

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Corporate Philanthropy

- An act of charity and benevolence
- It generally consists of cash donations but can also be in form of use of their facilities or volunteer time offered by the company's employees
- Considered a narrow form of CSR, business organization does not feel any obligation toward the stakeholders, e.g. fund raising efforts, pledges, toy or blood donations, etc.

Difference of CSR with Corporate Philanthropy

- CSR not only deals with corporate philanthropy but also other issues that affect the environment consumers, human rights, supply chain sustainability and transparency for the greater good of the world at large.
- Practice of CSR reveals how companies can wisely combine being exploitive and being charitable at the same time – Yunus
- CSR activities are simply window-dressing, sugar-coating activities – Friedman
- CSR is conceived as a marketing or public relations strategy
- CSR has been criticized as essentially being a mere public relations activity designed to gloss over material inequalities and corporate malfeasance. Hanlon (2008)

Andruca Lyle Mananzala

**“Don't panic. I am with you. There is no need to fear, for I am your God.
I will give you strength. I will help you. I, your God, have a firm grip on you
and I am not letting you go.**

-ISAIAH 41:10,13