

Short Paper #2: Literature Review

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Moral Problem: Do corporate social responsibility strategies and actions of organizations reflect moral and responsible operations?

Masaka, D. (2008). Why enforcing corporate social responsibility (CSR) is morally questionable. *Electronic Journal of Business Ethics and Organization Studies*, 13(1), 13-22.

In this article, Masaka (2008) argues that CSR activities pursued by organizations are purely self-interested and lack the intention of improving the welfare of society. Based on the Kantian argument, the article notes that CSR undertakings are not used as an end like the profit maximization approaches. This makes the CSR activities to be immoral undertakings. According to Masaka (2008), the sole aim of implementing CSR in organizations is to maximize profit motives rather than demonstrating social concern.

The society provides and sustains a favorable environment for the prosperity of business undertakings. Therefore, businesses need to show their concern to the community by improving their welfare. Masaka (2008) noted that this business-society relationship offers mutual benefit because profit generation takes place in a well-organized and steady society. While generating profits, businesses need to offer safe products, dispose their wastes in a careful way to avoid ecological disasters, contribute to green economy and environmental conservation, adopt equal employment frameworks, as well as assist in handling society problems such as hunger, illiteracy, lack of water, and homelessness (Masaka, 2008). However, there are still arguments on whether companies need to engage in these welfare improving and problem-solving activities. Another concern is the motive that leads to the implementation of CSR undertakings.

The implementation of CSR has received strong support from governments in terms of regulation and compliance. This happens in an era when there are high cases of environmental

pollution, exploitation of employees and customer rights, and producing and selling substandard products (Masaka, 2008). Voluntarily, companies engage in philanthropic activities aimed at enhancing the wellbeing of society and promoting environmental conservation (corporate citizenship) (Masaka, 2008). This means that these corporate citizenship activities such as planting trees, building hospitals, and sponsoring sports activities are integrated into the firm's operations to expand its fortunes. For, Masaka (2008) these activities are used to manipulate the expectations of the entire society because the sole aim of the company is to increase its fortunes through corporate citizenship. According to Masaka (2008), the self-interest aspect rather than concern for the society's wellbeing violates the consequentialist moral principles. This argument shows that businesses use CSR strategies not to benefit society but create a stable environment to enhance their investment, profit generation, growth, and success.

Ditlev-Simonsen, C. D., & Midttun, A. (2011). What motivates managers to pursue corporate responsibility? A survey among key stakeholders. *Corporate Social Responsibility and Environmental Management*, 18, 25-38. DOI: 10.1002/csr.237

In this article, Ditlev-Simonsen and Midttun(2011) note that value maximization, branding, and stakeholders are the main motivators towards pursuing CSR. Value-maximization and profit generation motives are based on Friedman's notion that the social welfare of the entire society is realized when companies aim at profit-generating strategies. Therefore, CSR should only be integrated into the firm's strategic objectives when it provides immediate financial returns.

CSR activities entail doing good things or operating in the right way. From the reputational perspective, doing the right things boosts the performance of the enterprise by

attracting more resources, attracting highly-skilled workers, increasing client base, and establishing a competitive edge (Ditlev-Simonsen & Midttun, 2011). Therefore, managers use CSR initiatives to promote the development of the brand and relational marketing. Accordingly, firms use CSR to design products that meet the needs of marginal populations and oriented to ecological innovations such as green energy (Ditlev-Simonsen & Midttun, 2011). Apart from solving social and environmental problems, these CSR undertakings improve the development of the enterprise. This shows that before undertaking a CSR initiative, the management evaluates its impact on the profit and value (Ditlev-Simonsen & Midttun, 2011). In other words, the management will approve CSR programs and strategies that will only lead to sustainable business development.

Semeniuk, J. (2012). The alignment of morality and profitability in corporate social responsibility. *Erasmus Student Journal of Philosophy*, 2, 17-27. Retrieved from https://www.eur.nl/sites/corporate/files/ESJP_2_2012_02_Semeniuk_FC.pdf

Semeniuk (2012) claims the CSR activities have created an environment where capitalists aim at creating a better society. The article notes that although the environmental and social operations of the organizations are self-interested, they serve the needs of society. By using the moral duty approach, Semeniuk (2012) argues that CSR promotes a business's appeal to values such as justice, equality, and human rights. These values demonstrate effective business ethics aimed at benefiting the environment and society at large. However, how businesses balance the ethical perspective of CSR and profit maximization is still questionable.

CSR activities can be analyzed from different moral philosophies including deontology, consequentialism, and virtue ethics (Semeniuk, 2012). Virtue ethics view a company as an

individual with moral characters and thus can be blamed for not adhering to the moral qualities or praised for behaving in accordance with the traits. Therefore, organizations have the moral responsibility of operating with honesty, civility, and prudence (Semeniuk, 2012). The deontological approach requires businesses to operate within the designed rules like generating profit, observing the law, and engaging in fair competition. The consequentialism approach claims that the morality of CSR actions should be viewed from the outcomes or results achieved. According to Semeniuk (2012), consequentialism borrows from Friedman's argument that firms have the sole responsibility for maximizing the value of the shareholder through engaging in a fair and free competition. For Friedman, such engagement offers optimum satisfaction to a larger group and enhances operational efficiency (Semeniuk, 2012).

The above moral philosophies lead to the business perspective of CSR which advocates for boosting the firm's competitive advantage in exchange for the greater and common good to the society. However, there is always a clash especially when the interests of the shareholders (business) are not aligned to those of the society. For example, companies are more likely to invest their profits in other profit-generating portfolios rather than expand their philanthropic or environmental promoting initiatives. Companies are obliged to prioritize profit maximization strategies (Semeniuk, 2012). This shows that CSR activities tend to be pursued by companies when they have the incentive to increase profits. Semeniuk (2012) concluded that based on the enterprise case, CSR undertakings do not always put the interest of the society first. The reason is that it is difficult for firms to balance shareholders' supremacy and environmental and societal needs.

Nicolaides, A. (2018). Corporate Social Responsibility as an Ethical Imperative. *Athens Journal of Law*, 4(4), 285-300. Retrieved from <https://doi.org/10.30958/ajl.4-4-1>

In this article, Nicolaides (2018) asserts that businesses need to integrate CSR activities in their primary strategic decisions not only to enhance financial returns but also to reflect their ethical and moral operations. According to Nicolaides (2018), doing so leads to the creation of substantial value and sustained a competitive edge in the current business environment where stakeholders are more concerned with CSR practices. This shows that the main aim of incorporating CSR is to promote public reputation and credibility that in turn increases financial performance.

Businesses need to venture into operations that make them economically profitable, law-abiding, and socially caring (Nicolaides, 2018). The socially caring attribute relates to the voluntary contribution of the company to the betterment of the society and conservation of the natural resources. This shows that firms need to go beyond adhering to regulations and complying with the laws to acting morally as a way of showing concern to the environment and society (Nicolaides, 2018). Therefore, companies have a core role in maintaining the balance of maximizing profits, being responsible for the natural environment, and caring for the needs of the society. The issue arises on how morally the business will maintain the three concerns. According to Nicolaides (2018), most of the CSR activities observed from companies are focused on the generation of profits and do not reflect the true concern to the society or the environment (Nicolaides, 2018). In fact, some organizations only report their CSR activities to show the public that they are acting in a socially responsible way. Such reports are mostly insincere and centered on the self-interests of the company (Nicolaides, 2018).

References

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