



Relevance of Philosophizing Corporate Social Responsibility

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Abstract

Maximization of profit is one of the major responsibilities of the managers of the business world. The responsibility of profit making may prompt the managers to be attentive only to the process of making money which has led to antagonism among the managers of different firms and self-interest. The profit making agenda of the business of the world have prompted the managers to pursue illicit and unethical practices that corrupt the society and harm the economy of the country. The human society always condemns illegal profit making practices of the business world and expresses its anguish over it. However, the practices like corporate social responsibility (CSR) among the businessmen have helped in the business world to have a positive appeal in the society towards the business world as CSR considers the common good above the self-interest. Mere consideration of the common good as the sole aim of the business firm can be endangering to the very existence of the business. Therefore, a deft manager of the business firm requires skills in handling common good and profit making hand in hand. We argue that the application of philosophical wisdom into the managerial skills rightly places the profit-making and common good agenda of the business world. Informed by the philosophical wisdom, managers can manifest their dexterity in profit-making and common good activities.

Key words: Corporate Social Responsibility, Aristotelian Ethics, Utilitarian Ethics, Kantian Ethics, Common good

Introduction

A good number of myths used to govern the field of business ethics. Business is a game, business is a jungle, business leaders are like kings and business is profit making are some of the myths that existed in the realm of business ethics. Ethicists made use of different path ways to rectify the myths that existed in business ethics. One of the simple ways they adopted in order to correct the myths is by rejecting negative information related to the myth.

17th century philosopher Thomas Hobbes believed that self-interest is the propelling factor behind any human action. It makes hardly any sense when ethics is seen from the point of self-interest. Ethical points affirm that human beings are capable of acting from the point of welfare, considering others. Narrow self-interest results in selfishness. Classical individualism promotes self-interest demanding self-development which according to it will results in serving the interests of others. Enlightened self-interest asserts that by serving the interests of others one can promote one's own self-interest. There are versions that suggest that self-interest cannot be taken as the foundation of morality as ethical views are beneficent for everyone. Moral consideration gives equal chance to every individual and it takes into consideration the interests of every individual who are affected by the actions of other human beings (Rachells, 2011). Economic man is the one who fulfills the subjective preferences¹ and attains maximum utility (Rothschild, 1993). Business ethics focus on

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1. "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from the regard to their own interest." Adam Smith (1776) *An Inquiry into the Nature and Causes of the Wealth of Nations*, - self-interest may produce good outcomes.



profit due to different reasons. The desires for innovation and increasing the market share, the desire to prove oneself as a smart entrepreneur and to build up one's own legacy in business are there behind the profit making trends.

In this context of diverse and conflicting opinions on the role of self-interest in business ethics, this paper attempts to look at the corporate social responsibility aspect of business ethics from the philosophical perspectives to enquire whether the CSR corrects the profit making myth of business ethics. The CSR not only corrects the profit making myths but also enlarges ethical and executive practices of business ethics.

Corporate Social Responsibility²

Corporate Social Responsibility (CSR) speaks of the responsibilities³ of the business community towards the society. The business community has a ethical responsibility towards the society that give them. The society wishes the economic prosperity Companies or corporations are facing increasing demands that, they look beyond their own interests and prioritize those of the societies in which they operate (Broomhill, 2007). The notion that, business enterprises have responsibilities to society beyond that of making profits for shareholders has been around for centuries (Carroll, & Shabana, 2010). This is because businesses host their operations within society, and in return, society expects business to show responsibility for aspects of their operations (Bichta, 2003). It is no longer acceptable for a firm or corporation to experience economic prosperity in isolation from the stakeholders within its immediate and as well the wider environment (D'Amato et al., 2009). Accordingly, the quality of relationships that an organization has with its employees and other key stakeholders (e.g., customers, investors, suppliers, public and governmental officials, activists, and communities) is crucial to its success.

Corporate Social Responsibility in India

The CSR policy of Indian Companies act of 2013 applies the principle of transparency while executing the CSR in India. It gives four novel instructions in this regard: a) proposal for constituting CSR committee with three or more directors, 2) allotting 2% of the net profit to the CSR activities, 3) creation of CSR policy and activities based on that and the reporting of the same in the yearly director board meeting and publishing it on the company website.

In the past three financial year the Indian corporate companies have generously contributed Rs. 65370 crores [Rs. 20359 (2020-2021), 24861 (2019-2020), 20150 (2018-2019)] to the CSR fund of the Government of India. Making use of the fund, there had been a number of 92211 CSR projects in the country in the last three years.

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2. In 1970, Milton Friedman argued the sole responsibility of business was to maximize its profits, and therefore returns, for shareholders. For Friedman, CSR was a violation of shareholder property rights and a subversive doctrine that undermined political freedom in the West.
 3. Avoiding fines and reducing pressures from the governments, burnishing the image and brand of the company and projecting the value and ethical cultural of the company are some of the reasons (Pope & Lim, 2022) for CSR.



It has helped the country to attain the sustainable development goals⁴ as proposed by UN and reshaped the nation through partnership of government and private companies in social welfare activities.

When we look into the CSR in India, we can find that the rationale behind the CSR activities is from three different perspectives: a) as an expression of ethical behavior⁵, b) as an expression of manifesting responsibility and c) as an expression of assisting the government in welfare schemes. The corporate world manifests its ethical nature when it makes a rational choice in favor of fairness and in sharing the information. It demonstrates its responsibility towards well-being the society realizing the fact that it has made use of the resources of the society in different manners. It exhibits its assisting nature to the government recognizing the reality that the fund and resource allocations of a developing country to welfare projects are limited.

The enactment of these three perspectives challenges the self –interest and profit making myth of business ethics. The investment the corporate the corporate groups are making towards CSR help them to be profitable. When there is honest and fairness in business, it will contribute from the part of the customers towards trusting the business group and as a result it will make the business profitable. Being socially responsible supports the image of the company and the increases customers for the products of the company. When the company is recognized as a branded one it paves the way for loyal customers and as a result of it enjoys increase in profit and financial success. When the corporate world assist the government in social welfare projects, the government and the people appreciate and remember the efforts of the company that helped them during the time of need⁶ which in turn adds to the asset of the company. CSR in business ethics is a valuable tool for eradicating the myth of profit-making.

I would like to reflect on what will be results of presenting CSR from the established ethical theories of philosophy. Will one be able to remove the profit making myth of business ethics by looking at CSR through the lens of the ethical theories of Aristotle, John Stuart Mill and Immanuel Kant?

4. For example, Dabur India, has identified 6 important social aspects of CSR4 in which they are involved intimately:

1) Eradication of Hunger, poverty and malnutrition, 2) Promotion of Health care, 3) Protection of Environment, 4) Enhancement of vocational skills, 5) Promotion of Education & 6) Promotion of Gender equality.

5. According to the Peter Casey (Sep 5, 2014), sound and straight forward business principle is the foundation of the success story of Tata Group.

6. For example, during the time of Covid-19, the Tata Group offered the help of 1500 crores to different projects that helped the government to procure thousands of ventilators and respirators, millions of PPE kits, masks, gloves and testing kits. It helped the government to expand the treatment capacity, isolation and treatment centers. As a result of it, the death rate in the country due to Covid-19 came down. When corporate companies discharge their expertise, it brings creative solutions during unpredictable crisis situations. According to the experience of the Chairman of the Tata Group, it increased their professionalism, nation building orientation and use of technology for helping the people in difficult times (Chandrasekaran, 2020).



The Aristotelian Dimensions of CSR⁷

The ethical principle of Aristotle aims at happiness and human flourishing. If CSR aims at the happiness of the stakeholders, the productivity of the stakeholders will improve as a result of. Socially responsible stakeholders will look for enacting the good. When they do that, it will bear an imprint on their own character. When they do something, they actually reveal their identity by doing. When the different stakeholders attempt to excel and serves the best to the society, they flourish as a member of the society and CSR provides an opportunity to a particular stakeholder to achieve excellence and flourishing in relation with all the other stakeholders involved in the business activity. According to Moore (2008), a virtuous firm inculcates virtues that are necessary for excellence. He places four conditions for this to take place: 1) the firm should have a good purpose, 2) the firm make sure that the purpose the foundation and continued practice of the firm, 3) the firm focus on the external good in order to continue the observance of the purpose and 4) the firm will oppose all the other interests contrary to the purpose. The virtuous firms in order to promote human flourishing make use of good services and technologies so that the other stakeholders may make benefit out of it even if it meant little decrease in their profit scale. They stand for their foundational ideal and continue with it rather than pursuing excessive profits. They concentrate on profit making only to make sure that they are in position to promote their ideal of human flourishing.⁸ They remain unaffected by the competitive and corruptive practices of the market. A virtuous leader is a good role model for the stakeholders. Affirmation of good habits through the policy making of the firm helps the managers in the decision making process too.

The Utilitarian Dimension of CSR

According to Utilitarianism, “an act is morally right if and only if that act maximizes the good.” It is about enlarging the maximum amount of good for the maximum number of people. According to the CSR policy of the government of India, 2% of the average profit of the business company is dedicated for the CSR programs and the company has to be accountable to the government regarding it by appointing an office. Through the implementation of CSR programs, government opens the possibility of increasing the number goodness in the country (Jain, 2020). If a politician makes use of the same amount he thinks about vote bank and other nepotistic practices and as a result of it maximum number of people will not benefit out of it. Secondly, if the intention of a business firm is to create value, there should be proper dialogue among the customers, managers, suppliers, employees and all the other stakeholders on how can the value be generated and promoted (Chia, Kurn & Neville, 2020). When the business firms design values and manage the stakeholders

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7. Hartmann (2015) making use of Aristotelian approach reviews on how business communities can help the human flourishing of the members involved in it. “the virtues enable the individual to achieve the goods internal to practices, and the achievement of those goods across a variety of practices and over time is instrumental in the individuals search for and movement towards their own telos [the good]” (Moore 2008, p. 497)
 8. According to Ryff (1989) , there is eudaimonic and hedonic well being. Hedonic well being stands for pleasure, gratification and goal attainment whereas eudaimonic stands for well being that comes from developing one’s own potential, having a purpose in life and promoting good relationships with others and the community.



according to it, it will lead to the well-being of the stakeholders⁹ that will have an effect in societal well-being. In order to provide maximum happiness to the stakeholders, there should be investment and profit and happy stakeholders can lead the company to better performance. The moral value of an action depends on the consequence of the action. Managers have the duty to make impassive evaluation of the effect of their decisions and policies on different stakeholders and that will help them to make better ethical deliberation.

The Kantian Dimension of CSR¹⁰

Kantian categorical imperative asserts that one cannot use another human being as an object. An object is valued by a human being as long it is useful for purpose. Rational human beings cannot be treated as means due to their dignified existence. For Kant, rational being is an end-in-itself. One can't treat a rational being as a thing. When does a person treat oneself or the other human beings as means? When the human person does not fulfill his moral mission and when he does not admire his moral capacity one treats oneself and other human beings as means. Human beings are not trivial entities to be utilized for attaining our objectives. We can get rid of useless and old materials. We can't discard and dismantle the human beings as they have the dignity. By holding on to the ideals of CSR, the corporate world lends their hands to another rational being that deserves dignified existence. Their consideration of their customers here is not as a means to make use of rather they treat them as an end-in-itself.

Duty alone is the proper motivation for ethical choices. Our sense of duty gives us superiority among the other creatures. The duty of the human person is to act in accordance with the universal law. If an action is contradictory and if it cannot be universalized, it loses its moral validity. A business person who is who is attempting for fraudulent practices, has to look into whether it is permissible for everyone to do the same act. Pursuing fraudulent deeds become something self-defeating. What will be the situation if everybody happens to do what you did or intended to do should be there before the decision making process. CSR from the deontological view supports the duty of the human person to promote the well-being. Moreover, whenever a decision making process, especially at the tempting moments towards fraudulent practices, the question "What if everybody did what I did?" will help the managers and stakeholders to step out of fraudulent practices. Corporate world should be get into the space of CSR as the human existence has the highest purpose in itself.

Concluding Remarks

In the recent times many of the Indian corporate companies have shook the world through their fraudulent practices. The Satyam Computers fraud which was of 1 billion US dollars, 9000 crore Kingfisher Airline fraud, 25000 crore liability of Jet airways, diversion of 2348 crore in Bhusan Steel, 91000 crore debt of ILFS are some

9. Harrison and Wicks (2013, p. 133) state "we define happiness in terms of the way stakeholders *feel* about the intangible and tangible utility they receive through their association and interactions with the firm."

10. Hughes (2020) following Kantian ethics, interested in applying the principle of humanity should be treated in business ethics as an end not a means and human dignity should be protected in business (2019).



of the major frauds in the Indian corporate field. The loss of sense of virtue will lead to vice practices. An orientation of human flourishing will contribute to the personal excellence and preeminence of the corporate company. Corporate social responsibility demands a moral response. Although the business community is into a competitive atmosphere, it has to embrace civility and fairness, honesty and good faith while doing the business. Deception and fraud will cause the demise of the firm. If ethical concerns are addressed during the decision making process of the business, it will bring down the business. If the owners are manifesting fraudulent behavior in business, the employees and other stakeholders will be affected by it and they will be responding to the business community with the same fraudulent mentality. When there is honest and fairness in business, it will contribute from the part of the customers towards trusting the business group and as a result it will make the business profitable. An honest working atmosphere is preferred by the employees¹¹ and they become more productive

Philosophical focus of virtue ethics is on the character and when it comes to the applied realm, one has to check whether the action is in line with morally commendable traits and virtues. The focus of utilitarian approach is on the results and in the applied ethical field one has to reflect on what are the negative and positive effects of a particular action on the group of stakeholders. The attention of deontological approach is on the consistency of the action with the universal moral law. A proper application of the guidelines derived from major ethical sources will contribute to business ethics in general and refine CSR activities in particular.

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11. The survey conducted by Chun (2016) among 2500 employees and customers shows that “organizational virtue represented by integrity, empathy, zeal, conscientiousness, warmth and courage is linked to employee and customer satisfaction via identification.”



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