
BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY FOR BUSINESS SUCCESS AND GROWTH

Godfrey Adda, Dr. John Bosco Azigwe, Aboteyure Roger Awuni

School of Business, Bolgatanga Polytechnic, P. O. Box 767, U.E.R, Ghana

ABSTRACT: *The concepts of ethical behavior and corporate social responsibility have come to the fore in recent years in both developed and developing countries as a result of growing sense of corporate wrongdoing. These two concepts can bring significant benefits to a business. The idea that business enterprises have some responsibilities to society beyond that of making profits for shareholders has been around for centuries. The paper addresses the concepts of business ethics and corporate social responsibility. From the perspectives of MBA students and managers, it came out that business ethics and social responsibility are very important for organizational growth and success. Specifically, they consider business ethics to lead to positive employee, customer and community relations. Not only that but also, they perceive that better public image/reputation; greater customer loyalty; strong and healthier community relations can inure to the benefit of corporations that are socially responsible. Implications of the findings are finally drawn.*

KEYWORDS: Business Ethics, Corporate Social Responsibility, and Business Growth.

INTRODUCTION

Ethical behavior and corporate social responsibility can bring significant benefits to a business. The idea that business enterprises have some responsibilities to society beyond that of making profits for shareholders has been around for centuries (Barry, 2000). This partly accounts for the reason why the concept of Corporate Social Responsibility (CSR) has continued to grow in importance and significance (Carroll & Shabana, 2010). One of the core beliefs is that business organizations have a social and ethical responsibility, as well as, the economic mission of creating value for shareholders or owners of businesses (Carroll, 1989). Whereas, the economic responsibilities of a business are to produce goods and services that society needs and wants at a price that can perpetuate the continuing existence of the business, and also satisfy its obligations to investors; ethical responsibilities are those behaviors or activities expected of businesses by society and other stakeholders such as employees (Ferrell & Fraedrich, 1997).

This paper seeks to answer the following: What are the perceptions of students in Business Schools on the benefits of CSR and ethics to corporations? What do the business community and organizations get out of CSR and ethical behavior? That is, how do they benefit tangibly from engaging in CSR policies, activities and ethical practices? The paper also seeks to articulate what social responsibility and ethics means, and why it makes good business sense to integrate the two concepts into strategic decisions, policies and practices of businesses. Specifically, we gauge the perceptions of MBA students and managers on the following:

- 1) Business ethical behavior and how ethics can be integrated into corporations for mutual benefits.
- 2) Some of the forces relating to CSR and how CSR can be integrated into sustainable business strategies.

In next to follow, we review the literature on CSR and business ethics to put the study in perspective. We first explore the concepts of business ethics and CSR; and the relevant stakeholder groups (internal and external of the firm) involved. This is followed by the methodology through which data was collected to illuminate the research. Then we present our findings, discussions and conclusions.

LITERATURE REVIEW

Unethical behavior or inability to demonstrate corporate social responsibility can damage a firm's reputation and make it less appealing to relevant stakeholders (Daft, 2001). The concepts of business ethics and social responsibility are often used interchangeably, although each has a distinct meaning (Carroll, 1989; Daft, 2001; Shaw & Barry, 1995). Whereas business ethics includes the moral principles and standards that guide behavior in the world of business; corporate social responsibility (CSR) is an integrative management concept, which establishes responsible behavior within a company, its objectives, values and competencies, and the interests of stakeholders (Meffert & Münstermann, 2005). Companies that consistently demonstrate ethical behavior and social responsibility generate better results (Carroll, 1989).

Business ethics

Ethics are codes of values and principles that govern the action of a person, or a group of people regarding what is right versus what is wrong (Levine, 2011; Sexty, 2011). Therefore, ethics set standards as to what is good or bad in organizational conduct and decision making (Sexty, 2011). It deals with internal values that are a part of corporate culture and shapes decisions concerning social responsibility with respect to the external environment. The terms ethics and values are not interchangeable (Mitchell, 2001). Whereas ethics is concerned with how a moral person should behave; values are the inner judgments that determine how a person actually behaves. Values concern ethics when they pertain to beliefs about what is right and wrong.

In the business setting, being ethical means applying principles of honesty and fairness to relationships with coworkers and customers (Daft, 2001). Business or corporate ethics is a form of applied ethics or professional ethics that examines ethical principles, and moral or ethical problems that arise in a business environment (Stanwick & Stanwick, 2009). It is an umbrella term that covers all ethics-related issues that come up in the context of doing business. Business ethics is defined as the rules, standards, codes, or principles that provide guidance for morally appropriate behavior in managerial decisions relating to the operations of the corporation, and business relationship with the society (Sexty, 2011). It applies to all aspects of business conduct and is relevant to the conduct of individuals and the entire organization (Mitchell, 2001). Furthermore, business ethics is the behavior that a business adheres to in its daily dealings with

its stakeholders (e.g., employees, customers, suppliers, immediate community and society in general) (Dombin, 2012).

The growth of business organization relies on its sound ethical code of conduct set to guide both management and employees in its daily activities (Steve, Steensma, Harrison & Cochran, 2005). The logic supporting ethics as a good practice, is that, ethical contexts will create the proper climate which will aid to drive the development of ethical human resource practices (Buckley et al., 2001). The result is a shared value system that channels, shapes, and directs behavior at work. The advantages of ethical behavior in business include the following (Mitchell, 2001):

- 1) **Build customer loyalty:** A loyal customer base is one of the keys to long-range business success. If consumers or customers believe they have been treated unfairly, such as being overcharged, they will not be repeat customers. Also, a company's reputation for ethical behavior can help it create a more positive image in the marketplace, which can bring in new customers through word-of-mouth referrals. Conversely, a reputation for unethical dealings hurts the company's chances to obtain new customers. Dissatisfied customers can quickly disseminate information about their negative experiences with the company.
- 2) **Retain good employees:** Talented individuals at all levels of an organization want to be compensated fairly for work and dedication. Companies who are fair and open in their dealings with employees have a better chance of retaining the most talented people.
- 3) **Positive work environment:** Employees have a responsibility to be ethical. They must be honest about their capabilities and experience. Ethical employees are perceived as team players rather than as individuals. They develop positive relationships with coworkers. Their supervisors trust them with confidential information.
- 4) **Avoid legal problems:** It can be tempting for a company's management to cut corners in pursuit of profit, such as not fully complying with environmental regulations or labour laws, ignoring worker safety hazards or using sub-standard materials in their products. The penalties if caught can be severe, including legal fees and fines or sanctions by governmental agencies. The resulting negative publicity can cause long-range damage to the company's reputation that can even be more costly than the legal fees or fines.

Three levels of ethical standards

There are three levels of ethical standards i.e., the law, policies and procedures, and moral standards of employees (Josephson, 1988): 1) **the law**, which defines for society as a whole those actions that are permissible and those that are not. The law merely establishes the minimum standard of behavior. At the same time, actions that are legal may not be ethical. Therefore, simply obeying the law is insufficient as a guide for ethical behavior; 2) **Organizational policies and procedures**, which serve as specific guidelines for people or employees as they make daily decisions; 3) **the moral stance** that employees take when they encounter a situation that is not governed by law or organizational policies and procedures. A company's culture can serve to either support or undermine its employees' concept of what constitutes ethical behavior.

Establishing an ethical framework

The ethics of a business depends on the company's culture or moral behavior (Long & Sedley, 1987). The decision to do activities ethically is an example of moral behavior. All corporations have to decide what to do and how to do it, in order to align their behavior with their ethical values. An organization that places ethics at the center of all that it does has an ethical framework (International Monetary Fund, 2008). To cope successfully with many potential ethical decisions they face, corporations, companies or entrepreneurs must develop a workable ethical framework to guide themselves and the organization. Such a framework ensures that ethical concerns are not dismissed as tangential, distracting, or inconsequential. Developing an ethical framework can involve a four-step process (IDEA, 2008).

Step 1: Recognize the ethical dimensions involved in the dilemma or decision. Before making informed ethical decisions, it is important to recognize that an ethical situation exists. This enables the definition of the specific ethical issues involved. To have a complete view of decisions concerning ethics and to avoid ethical quagmires, it is important to consider the ethical forces at work in any situation, i.e., honesty, fairness, respect for the community, concern for the environment, and trust.

Step 2: Identify the key stakeholders involved and determine how the decision will affect them. The business can influence, and be influenced by a multitude of stakeholders (e.g., employees, customers, community needs). The demands of these stakeholders may conflict with one another, thus putting a business in the position of having to choose which groups to satisfy or not. Before making a decision, managers must sort out the conflicting interests of various stakeholders by determining which ones have important stakes in the situation.

Step 3: Generate alternative choices and distinguish between ethical and unethical responses. When generating alternative courses of action and evaluating the consequences of each one. Asking and answering questions and ensuring a balance between the choices can ensure that everyone involved is aware of the ethical dimensions of the issue.

Step 4: Choose the best or plausible ethical response and implement it. At this point, there likely will be several ethical choices from which managers can pick. Comparing these choices with the ideal ethical outcome may help in making the final decision. The final choice must be consistent with the company's goals, culture, and value system as well as those of the individual decision makers. Although an ethical behavior may not be profitable all the time, an unethical behavior frequently generates substantial losses, especially on a long term (Baron, 1996). Therefore, it is important for organizations to understand that, regardless the nature of some unethical consequences and the timing horizon to which they report, on a long term, they represent considerable costs. Thus, whereas business ethics focuses on the role and responsibilities of managers and employees as business agents, corporate social responsibility, on the other hand, is more focused on the corporation (or organization) and its obligations and behavior to other stakeholders in the larger social system (Daft, 2001).

Corporate Social Responsibility (CSR)

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 (CSR) can be understood as an integrative management concept, which establishes responsible behavior within a company, its objectives, values and competencies, and the interests of stakeholders (Meffert & Münstermann, 2005). It refers to a business system that enables the production and distribution of wealth for the betterment of stakeholders through the implementation and integration of ethical systems and sustainable management practices (Frederick, 2006). Furthermore, CSR refers to the responsibility of enterprises for their impacts on society; and the consequences for the integration of social, environmental, ethical, human rights, and as well consumer concerns into business operations and core strategy, in close collaboration with stakeholders (European Commission, 2011).

The concept of social responsibility is often expressed as the assumption of voluntary responsibilities that go beyond the purely economic and legal responsibilities of companies (Joseph, 1963:144; Henry & Henry, 1972:5). It also refers to the voluntary activities or policies that organizations engage in for the purpose of causing positive social change and environmental sustainability (Aguilera et al., 2007). More specifically, CSR refers to the selection of institutional objectives and evaluation of results, not only by the criteria of profitability and welfare organization, but by the ethical standards or judgments of social desirability. In this view, the exercise of social responsibility must be consistent with the corporate goal of earning satisfactory level of benefits, but also implies a willingness to relinquish some degree of benefit, in order to achieve non-economic objective (John, 2003:373).

Also, the concept of CSR has generated considerable debate in recent decades. On the one hand, one view holds that, the sole purpose of business is profit. Friedman (1970:32-33) stated that the resources devoted to CSR are better spent, from a social perspective, if they increased firm efficiency. Carson (1993:3-32) explained that, managers are put in the place of unelected officials, when they participate in CSR, hence support has been significantly provided to the concept of corporate social responsibility. Davis (1974:19) argued that, the public visibility of corporate actions are necessary to become socially responsible managers and that companies, as an essential component of society, has a responsibility towards the solution of social problems.

Freeman (1984: 88-106) defended this point of view, and developed the theory of the stakeholder. According to the author, companies have relationships with many constituent groups and persons (stakeholders) that affect and are affected by the actions of the company. Also, CSR is achieved when the firm goes beyond compliance and engages in “actions that appear to further some social good, beyond the interests of the firm and that which is required by law, to the firm’s relevant stakeholders (McWilliams et al., 2006, p: 4).

Consequently, the stakeholder theory became the dominant paradigm in corporate social responsibility (McWilliams & Siegel, 2001). A well established model of CSR is the *‘Four-Part Model of Corporate Social Responsibility’* which was initially proposed by Carroll (1979), and later refined in subsequent publications (i.e., Carroll, 1991; Carroll & Buchholtz, 2000). For Carroll, CSR is a multi-layered concept that can be categorized into four inter-related aspects (economic, legal, ethical and philanthropic responsibilities) (Carroll, 1991). These categorized responsibilities are presented as consecutive layers within a pyramid, and that, ‘true’ social responsibility requires the meeting of all four levels consecutively. Hence, for Carroll and Buchholtz (2000:35), *“Corporate social responsibility encompasses the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time.”*

CSR has both economic and legal components/responsibilities for the firm (Carroll, 1991). Economic: a) it is important to perform in a manner consistent with maximizing earnings per share; b) it is important to be committed to being as profitable as possible; c) it is important to maintain a strong competitive position; d) It is important to maintain a high level of operating efficiency; and e) it is important that a successful firm be defined as one that is consistently profitable. Legal: a) it is important to perform in a manner consistent with expectations of government and law; b) it is important to comply with various federal, state, and local regulations; c) it is important to be a law-abiding corporate citizen; d) it is important that a successful firm be defined as one that fulfills its legal obligations; and e) it is important to provide goods and services that at least meet minimal legal requirements.

Furthermore, adhering to CSR principles has benefits to the organization (Carroll & Shabana, 2010; Cavico & Mujtaba, 2012): a) it helps to avoid excessive exploitation of labour, bribery and corruption; b) companies would know what is expected of them, thereby promoting a level playing field; c) many aspects of CSR behavior are good for business (e.g., reputation, human resources, branding, and legislation) which can help to improve profitability, growth and sustainability; d), in some areas, such as downsizing, it could help to redress the balance between companies and their employees; and e), potential “rogue” companies would find it more difficult to compete through lower standards. Moreover, the wider community would benefit as companies reach out to the key issue of underdevelopment around the world.

Additionally, six major CSR related activities which can generate a positive impact on the firm are as follows (Kotler & Lee, 2005). First, corporations can provide funds, in-kind contributions or other resources to build awareness and concern for social cause. Second, corporations commit

to donating a percentage of revenues to a specific cause based on product sales. Third, corporations support the development and/or implementation of a behavior change campaign to improve health, safety, and the environment or community well-being. Fourth, corporations directly contribute to charity in the form of cash donations and/or in-kind services. Fifth, corporations support and encourage retail partners and/or franchise members to volunteer their time to support local community. Finally, corporations adopt and conduct discretionary business practices that support social causes to improve community well-being and for protecting the environment.

According to Porter and Kramer (2006), under the scrutiny of government bodies, activist shareholders, and the media, CSR has become “*an inescapable priority for business leaders in every country*”. CSR is increasingly becoming a global practice, with businesses based in different countries tending to pursue approaches that reflect their particular mix of political, regulatory and financial systems, culture, history and resources. The notion of CSR is increasingly important in today’s global business climate, as companies compete and pursue economic growth through internationalization.

Stakeholders and CSR

Corporate social responsibility as a business system can enable the production and distribution of wealth for the betterment of its stakeholders through the implementation and integration of ethical systems and sustainable management practices (Frederick, 2006). Stakeholder theory posits that corporations gain competitive advantage by addressing important stakeholder demands (Freeman, 1982). The stakeholders of any firm are “those groups who can affect or be affected by the achievement of an organization’s purpose” (Freeman, 1984, p: 49). Corporations can no longer be isolated economic actors operating in detachment from society and working solely for shareholders.

There are five major stakeholder groups (internal and external of the firm) that are recognized as priorities by most firms: owners (shareholders), employees, customers, local communities, and the society-at large (Carroll, 1991). The concept CSR embraces multiple stakeholders or partners (employees, customers, suppliers, the environment, local authorities, governments and others) in addition to shareholders and other investors (Mazurkiewicz, 2005). The quality of relationships that a company has with its employees and other key stakeholder (i.e., customers, investors, suppliers, public and governmental officials, activists, and communities) is crucial to its success, as is its ability to respond to competitive conditions and corporate social responsibility (CSR) (D’Amato et al., 2009). To implement CSR, corporations need employees who are committed to, and knowledgeable about corporate citizenship (Friedman & Tribunella, 2012).

CSR provides signals to job seekers about organizational values and norms (Greening and Turban, 2000). Organizations that project a ‘good’ image provide positive signals to job seekers (Rynes & Cable, 2003). Employees are primary stakeholders who directly contribute to the

success of the company. Thus, understanding employee reactions to corporate social responsibility may help answer lingering questions about the potential effects of corporate social responsibility on firms, and also illuminate some of the processes responsible for them (Bauman & Skitka, 2012). Social identity theory suggests that individuals tend to reinforce their self-esteem and bolster their self-image by identifying with groups and organizations recognized for their social engagement and responsibility (Gond et al., 2010). Depending on the field of CSR (workplace, marketplace etc.) and the particular stakeholder group (current vs. future employees), different theories and arguments can be used to explain positive effects of CSR on employer attractiveness, employer choices and employee motivation (Bustamante & Brenninger, 2013).

CSR can, therefore, be seen as a useful marketing tool for attracting the most qualified employees, and also as an important component of corporate reputation (Fombrun & Shanley, 1990). Accordingly, by enhancing corporate image and reputation, CSR is an appropriate tool for marketing the organization to prospective employees. Employees are primary stakeholders who directly contribute to the success of the company, understanding employee reactions to corporate social responsibility may help answer lingering questions about the potential effects of corporate social responsibility on firms as well as illuminate some of the processes responsible for them (Bauman & Skitka, 2012).

Indeed, an aspect of growing importance for both an employer and potential employees is the 'person-organization-fit' (POF), the way in which a person fits within his or her working environment (Gond et al., 2010). According to the European Commission, (2008), workplace CSR – such as work-life balance, social benefits and health management - has a direct effect on job satisfaction, staff commitment and loyalty of current employees, and may lead higher motivation, productivity and innovation. And that, as far as potential employees are able to evaluate workplace characteristics beforehand, they also have a positive effect on their cognitive and affective judgment of the company in question. Moreover, when employees view their organization's commitment to socially responsible behavior more favorably, they also tend to have more positive attitudes in other areas that correlate with better performance, such as customer service and leadership from management (Porter & Kramer, 2006).

In a study with MBA students from two European and three North American business schools, it was found that reputation-related attributes of caring about employees, environmental sustainability, community/stakeholder relations, and ethical products and services are important in job choice decisions (Montgomery & Ramus, 2003). According to the authors, a significant percentage of the student sample was willing to forgo financial benefits in order to work for an organization with a better reputation for corporate social responsibility and ethics. Similarly, in a study in the Greater China (i.e., Mainland China, Hong Kong, and Taiwan), it was found that CSR related issues (i.e., salary and job prospects, work environment, philanthropic and ethical policy) are considered important when selecting jobs (Rowley et al., 2013).

Also, the literature consistently identified an attitudinal as well as a performance dimension to CSR's influence on employee attraction, retention and engagement (Gross & Holland, 2011). In a survey of young professionals, 44% of them said they would discount an employer with a bad reputation and nearly half said corporate social responsibility policies should be compulsory (IBM Global Business Services, 2008). Similarly, in another survey, 80% of respondents would prefer working for a company that has a good reputation for environmental responsibility. The respondents were more concerned about working for an environmentally responsible company than purchasing from one (Tandberg & Mori, 2007).

METHODOLOGY

The Research Approach

The methodology, methods of data collection and analysis are the processes that inform an approach to research (Cohen et al., 2007). Research is commonly viewed from the lenses of the quantitative and qualitative paradigms (Bracken, 2010). The research process of this study is quantitative since it involves primary data collection through the use of a questionnaire, and numbers; and the findings are presented in the form of graphs and tables, to convey a sense of solid and objective research (Denscombe, 2003).

Sampling Procedure

The sample is derived from students of the Maastricht School of Management (MSM); both MBA students and past students who are practitioners in the business world. The Maastricht School of Management (MSM) is a globally networked Management School (Annual Report, 2007). Every year, students of MSM are exposed to major corporate scandals through annual seminars and workshops, since Corporate Social Responsibility and business ethics form an integral part of their programmes. During such seminars, major international corporations (DSM, Shell, Heineken, Rabobank, and Dow Chemical) are invited to make presentations, so to expose the students and staff to new developments regarding implementation of CSR strategies.

In order to get samples for the various categories of participants, two different techniques of non-probability sampling were used (i.e., Saunders et al., 2007). The email addresses of all the MSM MBA alumni were collected from the Alumni office, and each manager invited through a letter to participate. On the other hand, convenience sampling was used to select the MBA students, since only the email addresses of the Maastricht campus MBA students were available. In all 160 respondents: 80 MBA students and 80 managers were selected for the study. The response rate was 41 or 51% for MBA students and 72 of 90% for the managers; totaling 113 or 71%. In terms of gender, whereas 21 or 51% of the MBA students were male, 20 or 49% were female. Also, whereas 49 or 68% of the managers were males, 23 or 32% were female. As far as age is concerned, majority of the participants for both groups were between the ages of 30 and 49 years old. Also for both categories of participants, 11 or 27% of the students and 10 or 14% of the managers were between 18 to 29 years old.

Data collection and analysis

The study made use of both primary and secondary sources of data. Online surveys using questionnaires were administered to the students and managers eliciting their views on business ethics and CSR. The data was checked for accuracy and completeness. The IBM Statistical Package for the Social Sciences (SPSS) software was used to obtain frequency distributions because of its clarity in expressing quantitative analysis between variables (Leech et. al., 2005).

RESULTS

The results are presented in the following steps. We first present the perceptions of participants on business ethics and CSR. Then, we present their perceptions on the importance or benefits of CSR to the business or organizations.

a) Perceptions of students and managers on business ethics

Table 1 below presents the knowledge of participants on business ethics. As can be observed in the table, when students and managers were asked on the importance of business ethics for business success, most of the respondents affirmed in the positive. For example, 68 or 85 %, and 70 or 87% of students and managers affirmed business ethics as very important for business growth. Also, when asked whether business ethics can lead to positive employee relations, 69 or 86% 73 or 91% affirmed in positive. As to whether their organizations have a Code of Ethics, and if so, whether training is offered to the employees on ethical behavior, again, majority affirmed in positive. For example, 68 or 85% and 70 or 87% affirmed that training on ethical behavior in corporations is very important.

Table 1: Ethical factors considered important by the students and managers

S = Student M = Manager	None of the afore mentioned		Not important at all		Somewhat important		Somewhat unimportant		Very important	
	S	M	S	M	S	M	S	M	S	M
Ethical behavior and business success	0 (0%)	0 (0%)	0 (0%)	0 (0%)	75 (94%)	76 (95%)	73 (91%)	79 (98%)	68 (85%)	70 (87%)
Ethical behavior and employee relations	0 (0%)	0 (1%)	0 (0%)	0 (0%)	60 (75%)	58 (73%)	56 (70%)	64 (80%)	69 (86%)	73 (91%)
Ethical behavior and customer relations	0 (0%)	0 (0%)	0 (0%)	0 (0%)	54 (67%)	60 (75%)	57 (71%)	53 (66%)	65 (81%)	66 (82%)
Ethical behavior and community relations	0 (0%)	0 (1%)	0 (0%)	0 (0%)	53 (66%)	58 (72%)	54 (67%)	67 (82%)	63 (75%)	65 (81%)
Code of Ethics in the company	0 (0%)	1 (1%)	0 (0%)	0 (0%)	11 (27%)	28 (39%)	1 (2%)	4 (6%)	29 (71%)	39 (54%)
Training on ethical behavior	0 (0%)	1 (1%)	0 (0%)	0 (0%)	74 (93%)	76 (94%)	73 (90%)	79 (98%)	68 (85%)	70 (87%)

Author's Construct

b) Perceptions of students and managers on CRS

Table 2 below presents the perceptions of participants on CRS. As can be observed in the table, most of the students 32 (78%) identified “a better public image/reputation;” “greater customer loyalty;” and “a strong and healthier community” as very important benefits that will inure to the benefit of a company that is socially responsible; while 21 (51%) cited “increased revenue.” Similarly, majority of the managers 53 (74%) also identified “better public image/reputation” as very important benefit that will accrue to a company that is socially responsible; while 30 (49%) cited “increased revenue.” However, unlike the students, the managers did not rank “a strong and healthier community” as “very important”. Moreover, 26 (36%) of the managers also think no benefits would accrue to a company that is socially responsible.

Table 2: Perceptions of students and managers on the benefits of CSR

S = Student M = Manager	Not important at all		Somewhat important		Somewhat unimportant		Very important	
	S	M	S	M	S	M	S	M
A better public image/reputation	0 (0%)	0 (0%)	8 (20%)	19 (26%)	1 (2%)	0 (0%)	32 (78%)	53 (74%)
A more satisfied and productive workforce	0 (0%)	0 (0%)	12 (29%)	26 (36%)	2 (5%)	2 (3%)	27 (66%)	44 (61%)
Greater customer loyalty	1 (2%)	0 (0%)	8 (20%)	24 (33%)	0 (0%)	3 (4%)	32 (78%)	45 (63%)
A strong and healthier community	0 (0%)	0 (0%)	8 (20%)	31 (43%)	1 (2%)	2 (3%)	32 (78%)	39 (54%)
Long-term viability in the market-place	0 (0%)	2 (3%)	12 (29%)	24 (33%)	1 (2%)	4 (6%)	28 (68%)	42 (58%)
Fewer regulatory or legal problems	3 (7%)	0 (0%)	15 (37%)	36 (50%)	4 (10%)	5 (7%)	19 (46%)	31 (43%)
Increased revenue	2 (5%)	1 (1%)	13 (32%)	27 (38%)	5 (12%)	14 (19%)	21 (51%)	30 (42%)

Author's Construct

DISCUSSION

The findings are in line with earlier studies (e.g., Bello, 2012; Gross & Holland, 2011; Kaptein & Schwartz, 2008; Lindorff, 2007; McMurrian, & Matulich, 2006; Rowley et al., 2013; Tandberg & Mori, 2007). As shown in the data, business ethical behavior can lead to a positive customer and employee relations. Specifically, it was revealed that having an ethical code and training on that code is important for business growth. Also, in line with previous research (e.g., Kaptein & Schwartz, 2008), it was found that training employees on best ethical practices can lead to positive employee relations.

The data also revealed that majority of the students and managers perceive a better public image/reputation; greater customer loyalty; and strong and healthier community relations will inure to the benefit of corporations that are socially responsible. These findings appear to be in tandem with that of the Aspen Institute (2008:15) where students still viewed social responsibility in a conventional way as “good public image,” and missing its connection to increased corporate revenues and reduced operating costs.

RECOMMENDATIONS

Organizations can manage ethics in their workplaces by establishing ethics management programs that convey their corporate values, codes and policies to guide decisions and behavior. However, the mere presence of a code of ethics does not necessarily guarantee causation of ethical behavior within a company, unless it is integrated into all aspects of an organization (Mathis & Jackson, 2011). Employees must buy into the programs and code of ethics for easy and proper implementation. Therefore, there is need for training on the ethical code which may include the values, codes, and standards of the organization. In addition, every employee wants to be part of an organization where they are recognized and made aware of the truth and what is going on, particularly in crisis situations. Companies which are responsible and transparent with their employees have a better chance of attracting and retaining more talented staff.

Also, CSR is not only relevant because of the changing policy environment, but also, because of its ability to meet business objectives (Carroll, 1991). As the business environment gets increasingly complex and stakeholders become vocal about their expectations, good CSR practices can only bring in greater benefits. Undertaking CSR initiatives and being socially responsible can have the following benefits: strengthening relationships with stakeholders; attracting the best industry talents; and risk mitigation because of an effective corporate governance framework (Porter & Kramer, 2006). Additionally, a well-managed CSR creates social and environmental value, while supporting a company's business objectives and reducing operating costs, and enhancing relationships with key stakeholders and customers (Rangan, Chase, & Karim, 2012). It is therefore imperative that corporations establish a CSR unit whose primary responsibility is coordinating and integrating all CSR initiatives.

CONCLUSION

The objective of the study was to determine students and managers perceptions on business ethics and CSR in relation to business success or growth. Corporations are facing increasing demands, and that, they should look beyond their own interests and prioritize those of the societies in which they operate (Broomhill, 2007). This is because businesses host their operations within society, and in return, society expects these businesses 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 (D'Amato et al., 2009).

This study showed that many of the MBA students and managers perceive business ethics and social responsibility as important for organizational growth and success. Specifically, they consider business ethics to lead to positive employee, customers and as well community relations. Furthermore, they perceive better corporate image/reputation, greater customer loyalty; and a strong and healthier community as benefits that can inure to the benefit of corporations that are socially responsible. It is therefore, important that business schools and professionals in the corporate world turn their attention to these factors, since they are critical components in their training and practices. Our study is however without limitations. Further research with a larger sample of business schools should help us to contribute to this line of inquiry. These studies may also deploy both the quantitative and qualitative approaches to research. This has the potential to complement any inherent weaknesses that may exist in either approach.

References

- Ackoff, R. (1999). *Recreating the corporation*. New York: Oxford University Press.
- Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. (2007). Putting the S back in corporate social responsibility: A multi level theory of social change in organizations. *Academy of Management Review*, 32, 836–863.
- Baron D.P. (1996). *Business and its environment (2nd)*. Prentice Hall, New Jersey.
- Barry, N. P. (2000). Controversy: Do corporations have any responsibility beyond making a profit? *Journal of Markets & Morality* 3(1), 100-107.
- Bello, S. M. (2012). Impact of ethical leadership on employee job performance. *International Journal of Business and Social Science*, 3(11), 1-9.
- Bichta, C. (2003). Corporate social responsibility: A role in government policy and regulation? Centre for the study of Regulated Industries (CRI), University of Bath School of Management
- Bracken, S. (2010). Discussing the importance of ontology and epistemology awareness in practitioner research. *Worcester Journal of Learning and Teaching*, 4(1), 1-9.
- Broomhill, R. (2007). Corporate social responsibility: key issues and debates School of Political and International Studies, Flinders University Don Dunstan Foundation Papers Series, No. 1.

- Buckley, M. R., Beu, D. S., Frink, D.D., Howard, J.L., Berkson, H., Tommie A. Mobbs, T. A., & Ferris, G. R. (2001). Ethical issues in human resources systems, *Human Resource Management Review*, 11, 11-29
- Carroll, A. (1989). *Business and society: Ethics and stakeholder management*. Cincinnati, Ohio: South Western.
- Carroll, A.B. & Buchholtz, A.K. (2000). *Business and Society: Ethics and Stakeholder Management* 4th ed. Cincinnati: Thomson Learning.
- Carroll, A. B. & Shabana, K. M. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews*, 85- 105, DOI: 10.1111/j.1468-2370.2009.00275.xmr
- Carroll, A. B. & Shabana, K. M. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews*, 85- 105, DOI: 10.1111/j.1468-2370.2009.00275.xmr
- Carson, T. (1993). Friedman's theory of corporate social responsibility. *Business and Professional Ethics Journal*. 12: 3-32.
- Cavico, F. J. & Mujtaba, B. G. (2012). National and global perspectives of corporate social responsibility. *International Journal of Management Sciences and Business Research*, 1(3), 1-24.
- Cohen, L., Manion, L., & Morrison, K. (2007). *Research methods in education* (6th ed.). London and New York: Routledge
- Daft, R. (2001). *Organization theory and design*. Cincinnati, Ohio: South Western.
- D'Amato, A., Henderson, S., & Sue, F. (2009). *Corporate social responsibility and sustainable business. A guide to leadership task and functions*. North Carolina: Center for Creative Leadership, CCL Press
- Denscombe, M. (2003). *The Good research Guide for Small- Scale Research Projects*. (2nd Ed.).
- Donaldson, T. (1989). *The Ethics of International Business*. Oxford: Oxford University Press.
- European Commission (2011). *A renewed EU strategy 2011-14 for Corporate Social Responsibility*. Brussels: European Commission.
- Ferrell, O.C. & Fraedrich, J. (1997). *Business Ethics*. Boston: Houghton Mifflin.
- Freeman, R. E. & Reed, D. L. (1983). Stockholders and Stakeholders: A New Perspective on Corporate Governance. *California Management Review*. 25(3): 88-106.
- Friedman, M. (1970). The Social Responsibility of Business is to Increase its Profits. *New York Times Magazine*. September 13: 32-33, 122, 126.
- Friedman, B. A. & Tribunella, T. (2012). Does the International Masters of Business Administration (MBA) Employment Market Value Awareness of Social Responsibility and Environmental Sustainability? *International Journal of Business and Social Science*, 3(24), 12-23
- Geneen, H. & Moscow, A. (1984). *Managing*. Garden City, NY: Doubleday,
- Ghoshal, S. (2005). Bad Management Theories Are Destroying Good Management Practices. *Academy of Management Learning and Education*. 4(1): 75-91.

- Gond, J-P., El-Akrehi, A., Igalens, J. Swaen, V. (2010). Corporate Social Responsibility Influence on Employees. Nottingham University Business School, International Centre for Corporate Social Responsibility, ICCSR Research Paper Series – No. 54, ISSN 1479-512
- Gordon, I. M. (1998). Enhancing Students' Knowledge of Social Responsibility Accounting. *Issues in Accounting Education*. 13: 31-46.
- Giacalone, R. A. (2004). A Transcendent Business Education for the 21st Century. *Academy of Management Learning and Education*. 3(4): 415-420.
- Giacalone, R. A. & K. Thompson (2006). Business Ethics and Social Responsibility Education: Shifting the Worldview. *Academy of Management Learning and Education*. 5(3): 266–277.
- Gioia, D. A. (2002). Business Education's Role in the Crisis of Corporate Confidence. *Academy of Management Executive*. 16:142-144.
- Groebner, et al., (2008). *Business Statistics: A Decision-making Approach*. 7thed. Pearson Education Ltd
- Gross, R., & Bill Holland, B. (2011). Corporate social responsibility and employee engagement: Making the connection. White Paper. Retrieved from <http://www.mandrake.ca>
- Hansen, S. D., Dunford, S. D., Boss, A. D., Angermeier, I. (2011). Corporate social responsibility and the benefits of employee trust: A cross-disciplinary perspective *Journal of Business Ethics*, DOI 10.1007/s10551-011-0903-0
- Heidelberg, V. B. (2015). Literature review of corporate social responsibility. *Chinese Strategic Decision-making on CSR, Sustainability, Ethics & Governance*, DOI 10.1007/978-3-662-44997-4-2.
- Henry M. & Henry C.W. (1972). *The Modern Corporation and Social Responsibility* IDEA, (2008). *Ethical decision-making framework*. USA: Toronto Central Community Care Access Centre.
- IBM Global Business Services, (2008). *Attaining sustainable growth through corporate social responsibility*. Somers: IBM Corporation International Monetary Fund, (2008). *Ethical framework*. Annual report. The Ethics Office
- Jeffrey, C. (1993). Ethical development of accounting students, non-accounting business students, and liberal arts students. *Issues in Accounting Education*. 8: 86-96.
- John R.B. (2003). *Ethics and the conduct of business* (4th Ed.). Person Education, Inc., New Jersey: 373.
- Jones, G. (2013). *Debating the responsibility of capitalism in historical and global perspective*. Harvard Business School: Working Paper, 14-004
- Joseph W. M. (1963). *Business and society*. New York: McGraw-Hill, 144.
- Kaptein, M., & Schwartz, M. S. (2008). The effectiveness of business codes: A critical examination of existing studies and the development of an integrated research model. *Journal of Business Ethics*, 77, 111-127.
- Knights, D. & M. O'Leary (2006). Leadership, Ethics and Responsibility to the Other. *Journal of Business Ethics*. Doi: 10.1007/s10551-006-9008-6. 67(2):125–137.

- Kotler, P., and Lee, N., 2005. *Corporate social responsibility: Doing the most good for your company and your cause. Best practices from Hewlett-Packard, Ben & Jerry's, and other leading companies*. New Jersey, USA. John Wiley & Sons.
- Kotter, J. & Heskett, I. (1992). *Corporate Culture and Performance*. New York: Free Press: 59
- Kraft, K. L. (1991). The Relative Importance of Social Responsibility in Determining Organizational Effectiveness: Student Responses. *Journal of Business Ethics*. 10: 179-188
- Kreiner, P. & Bambri, A. (1991). *Influence and Information in Organization-Stakeholder Relationships*: 57
- Kuhn, I. W. & Shriver, D. W. Jr. (1991). *Beyond Success: Corporations and their Critics in the 1390s*. New York: Oxford University Press.
- Kumar, K. (1995). Ethical Orientations of Future American Executives: What the Value Profiles of Business School Students Portend. *SAM. Advanced Management Journal*. 60: 32-38.
- Lee, M.P. (2008). A review of the theories of corporate social responsibility: its evolutionary path and the road ahead. *International Journal of Management Reviews*, **10**, pp. 53–73.
- Long, A. A. & Sedley, D. N. (1987). *The Hellenistic philosophers: Translations of the principal sources with philosophical commentary*. Cambridge: Cambridge University Press. pp. 366–367. ISBN 9780521275569.
- Lindorff, M. (2007). The ethical impact of business and organisational research: the Forgotten Methodological Issue. *The Electronic Journal of Business Research Methods*, 5(1), 21 – 28.
- Mathis, R. L., & Jackson, J. H. (2011). *Human resource management* (13th Ed.). Mason,OH: South-Western Cengage Learning.
- McMurrian, R.C. & Matulich,E. (2006). Building customer value and profitability with business ethics, *Journal of Business & Economics Research*, 4(11), 1-8.
- McWilliams, A. & D. Siegel (2001). Corporate Social Responsibility: A Theory of the Firm Perspective. *Academy of Management Review*. 26:117-127.
- Meffert, H. & Münstermann, M. (2005). Corporate Social Responsibility in Wissenschaft und Praxis – eine Bestandsaufnahme. In H. Meffert, K. Backhaus & J. Becker (Eds.), *Corporate Social Responsibility – gesellschaftliche Verantwortung von Unternehmen*.
- Mitchell, J. A. (2001). *The ethical advantage: Why ethical leadership is good business*. Minneapolis, MN: Center for Ethical Cultures.
- Mazurkiewicz, P. (2005). Corporate environmental responsibility: Is a common CSR framework possible? World Bank
- Porter, M. E., & Kramer, M. R. (2006). Strategy and society. The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 12: 78-92.
- Rangan, K., Chase, L. A., & Karim, S. (2012). Why every company needs a CSR strategy and how to build it. Harvard Business School: Working Paper 12-088
- Sexty, R. (2011). *Canadian business and society: Ethics and responsibilities* (2nd Ed.). Toronto. McGraw-Hill Ryerson.
- Shaw, W.H. & Barry, V.B. (1995). *Moral Issues in Business*. Belmont, California: Wadsworth Publishing Company.
- Stanwick P., Stanwick, S. (2009). *Understanding business ethics*, International Edition, Prentice Hall

Stevens, J. M., Steensma, H. K., Harrison, D. A., & Cochran P. L. (2005). Symbolic or substantive document? The Influence of ethics codes on financial executives' decisions. *Strategic Management Journal* 26, 181-195

Josephson, M. (1988). Teaching ethical decision making and principled reasoning. *Ethics: Easier Said Than Done*, Winter 1988, pp. 28–29. www.JosephsonInstitute.org.