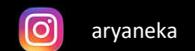




# Framing Business Ethics

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What is a corporation?

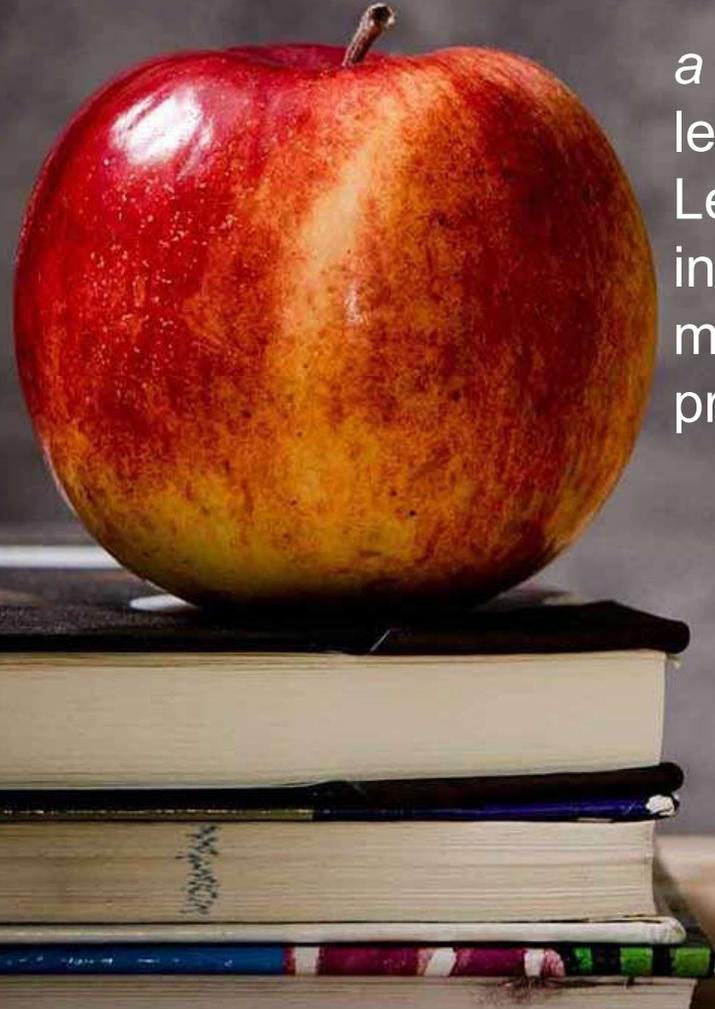


Corporations are clearly not the same as individual people, and before we can decide what responsibilities they might have, we need to define exactly what they are and why they exist in the first place. the corporation is by far the dominant form of business entity in the modern global economy.

although not all businesses (such as sole traders) are corporations, and many corporations (such as charities and universities) are not-for-profit businesses, we shall be concentrating primarily on business in the corporate form.

# Key features of a corporation





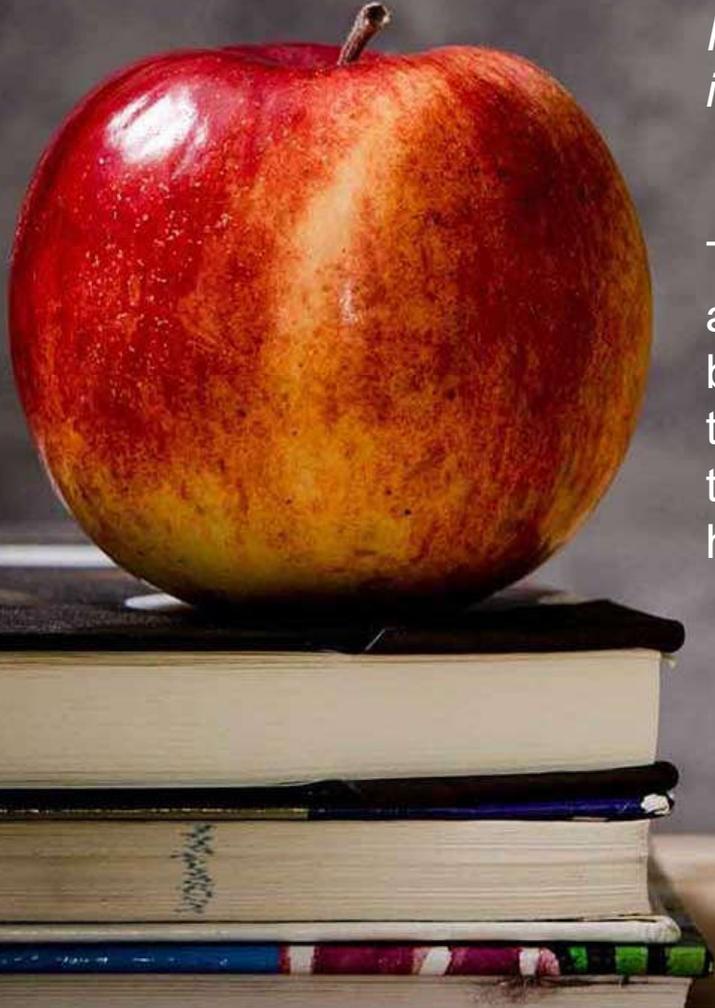
*a corporation* is essentially defined in terms of legal status and the ownership of assets. Legally, corporations are regarded as independent from those who work in them, manage them, invest in them, or receive products or services from them.



## Can a corporation have social responsibilities?

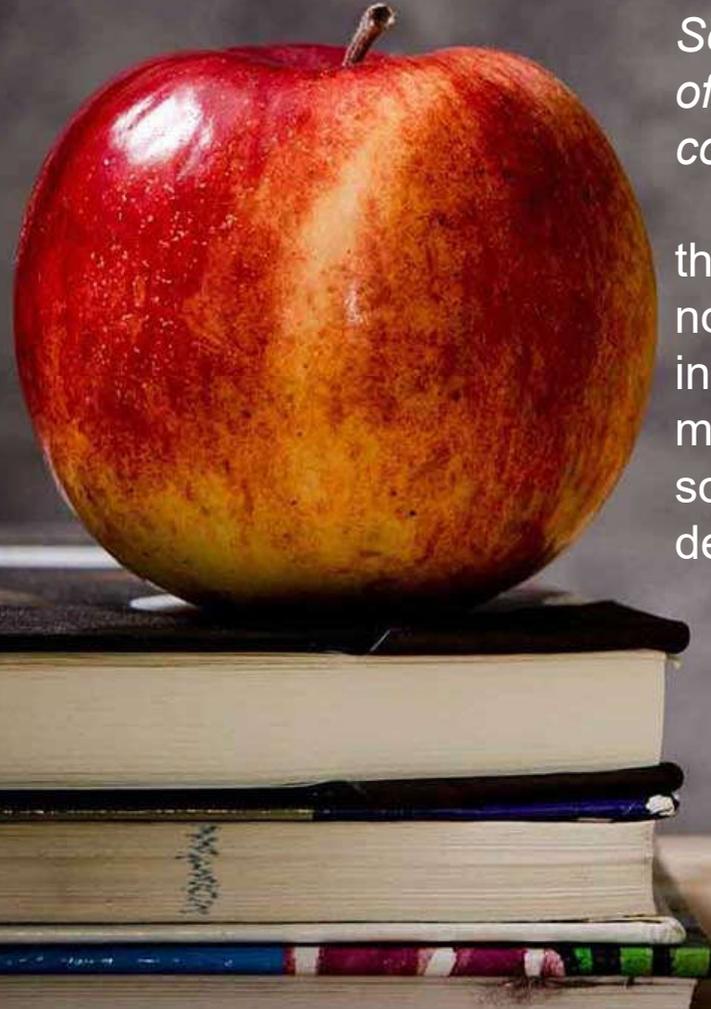
*Only human beings have a moral responsibility for their actions.*

the first substantial point is that corporations are not human beings and therefore cannot assume true moral responsibility for their actions. since corporations are set up by individual human beings, it is those human beings who have moral responsibility for the actions of the corporation.



*It is managers' responsibility to act solely in the interests of shareholders.*

The second concern is that as long as a corporation abides by the legal framework society has set up for business, the only responsibility of the managers of the corporation is to make profit, because it is for this task that the firm has been set up and the managers have been employed.



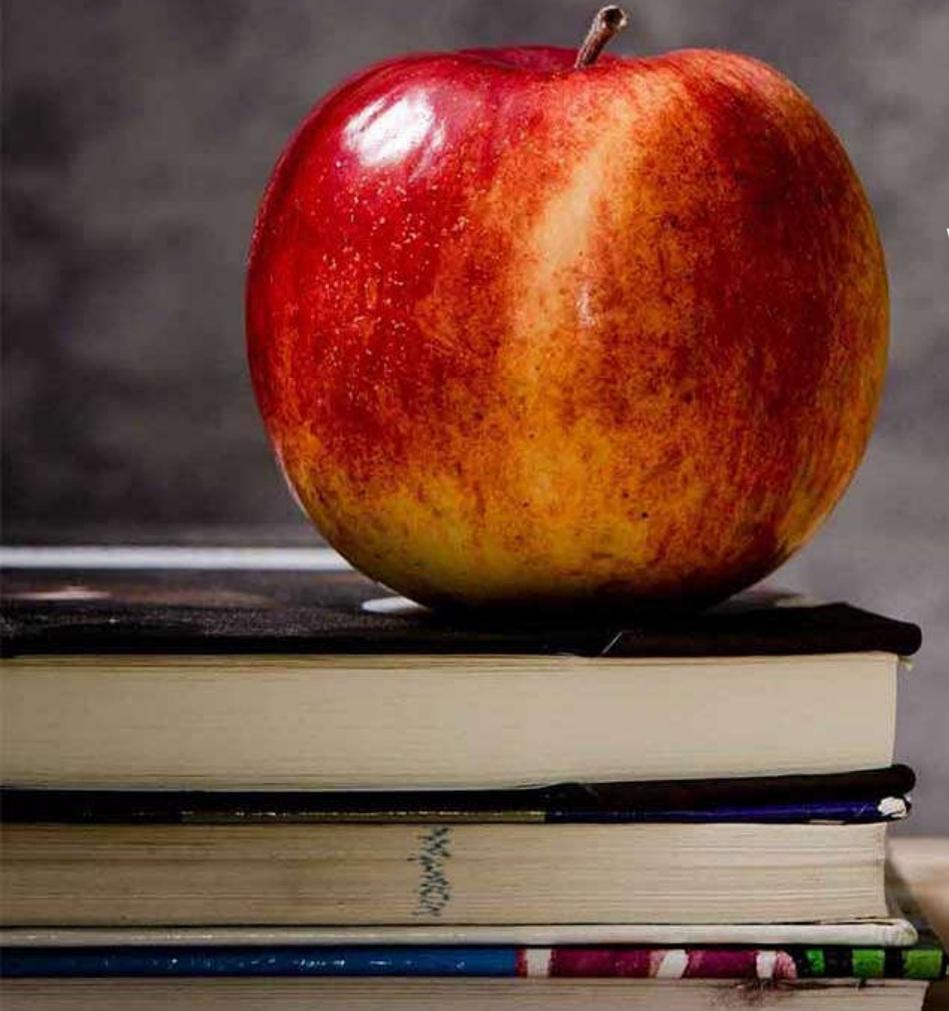
*Social issues and problems are the proper province of the state rather than corporate managers.*

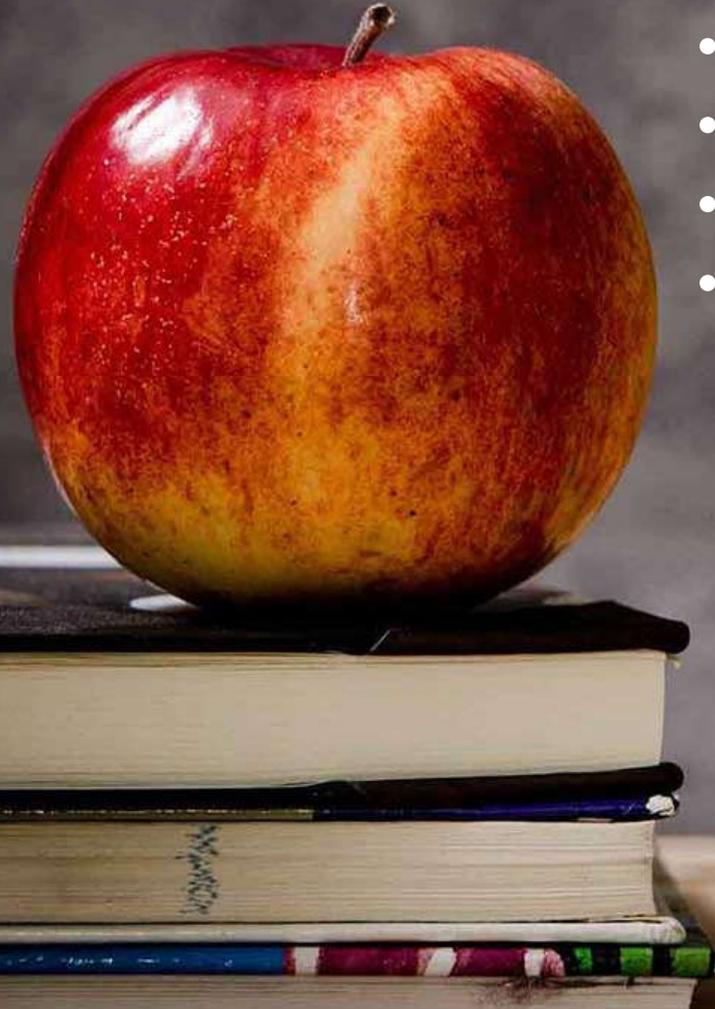
the critics' third main point is that managers should not, and cannot, decide what is in society's best interests. this is the job of government. corporate managers are neither trained to set and achieve social goals, nor (unlike politicians) are they democratically elected to do so.



# Corporate social responsibility

Why do corporations have social responsibilities?

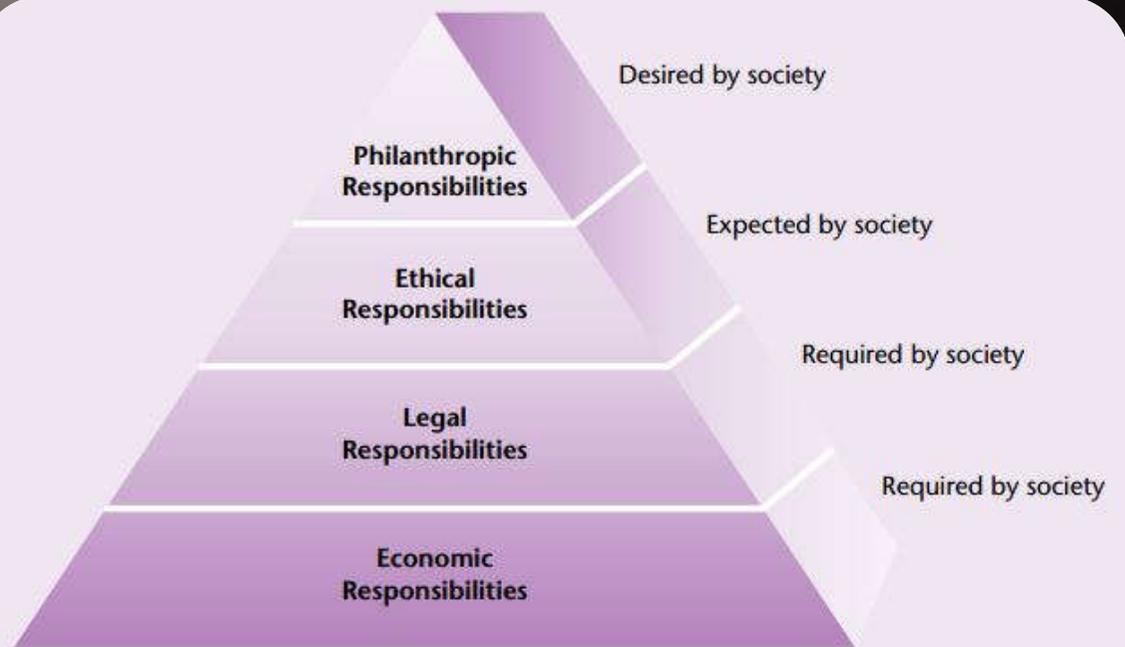
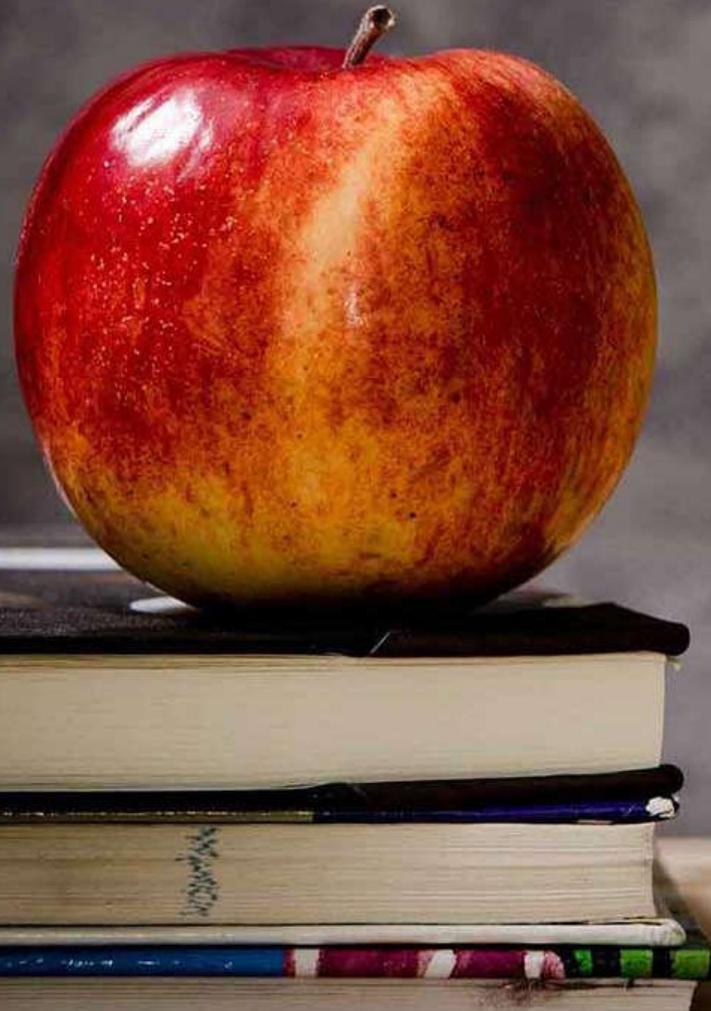




- Enhance (long-term) revenues
- Reduce costs.
- Manage risk and uncertainty.
- Maintaining the social licence to operate

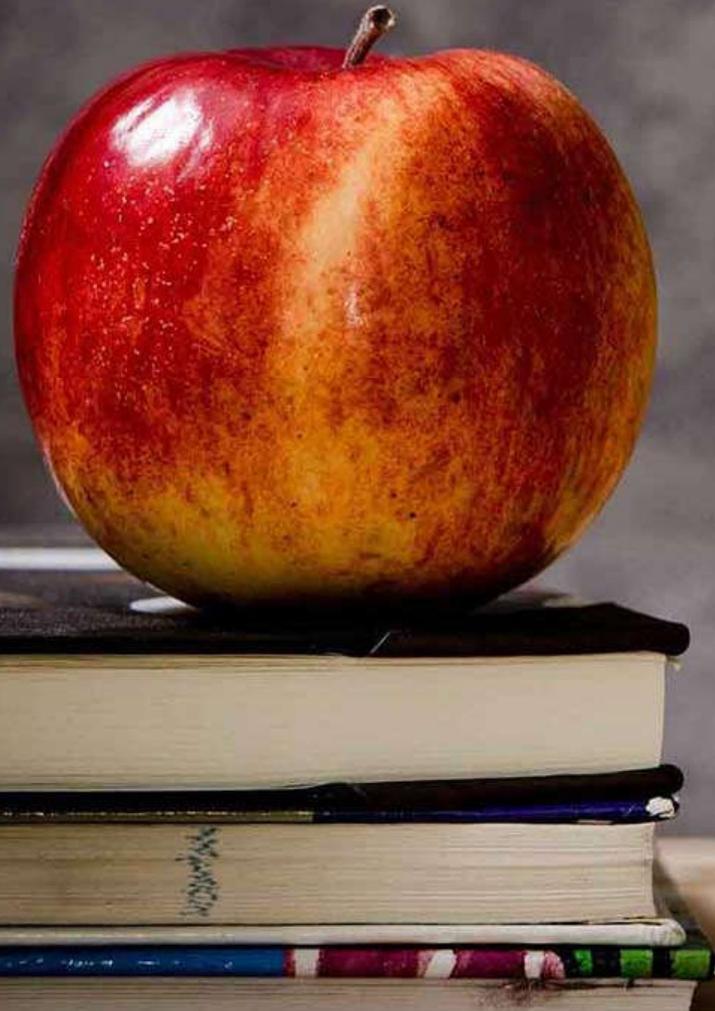


## What is the nature of corporate social responsibilities ?



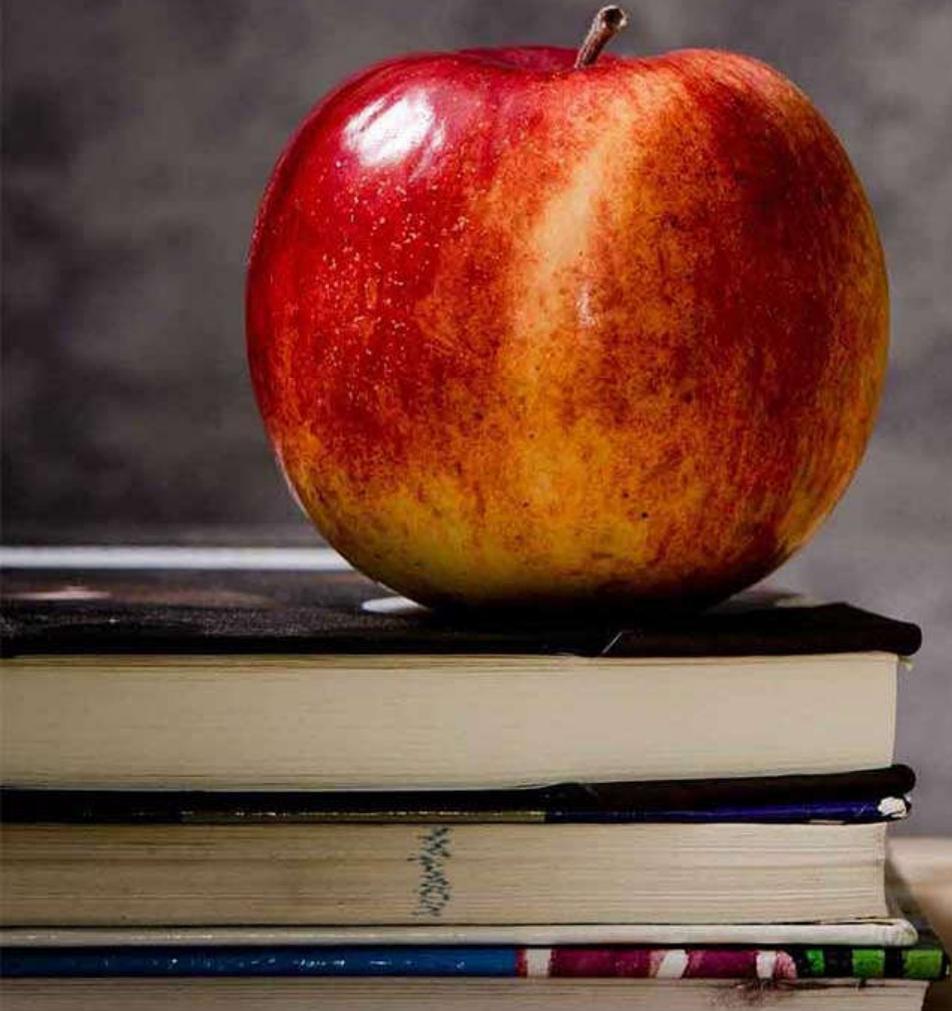
**Figure 2.1** Carroll's four-part model of corporate social responsibility

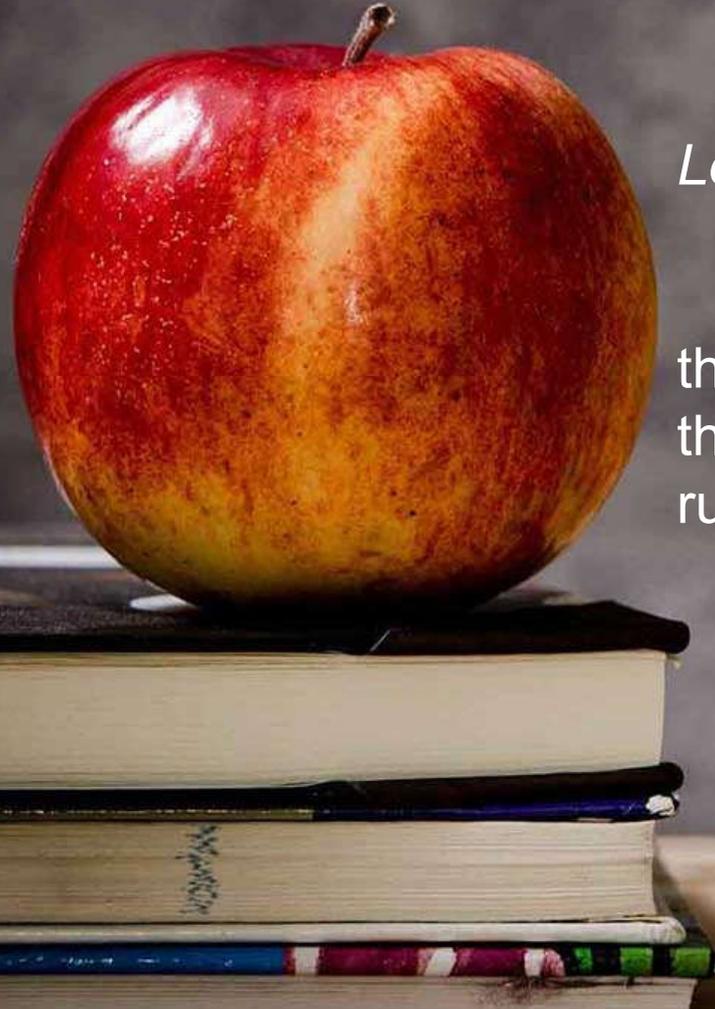
Source: Adapted from Carroll, A.B. 1991. The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Business Horizons*: 42, Fig. 3.



### *Economic responsibility.*

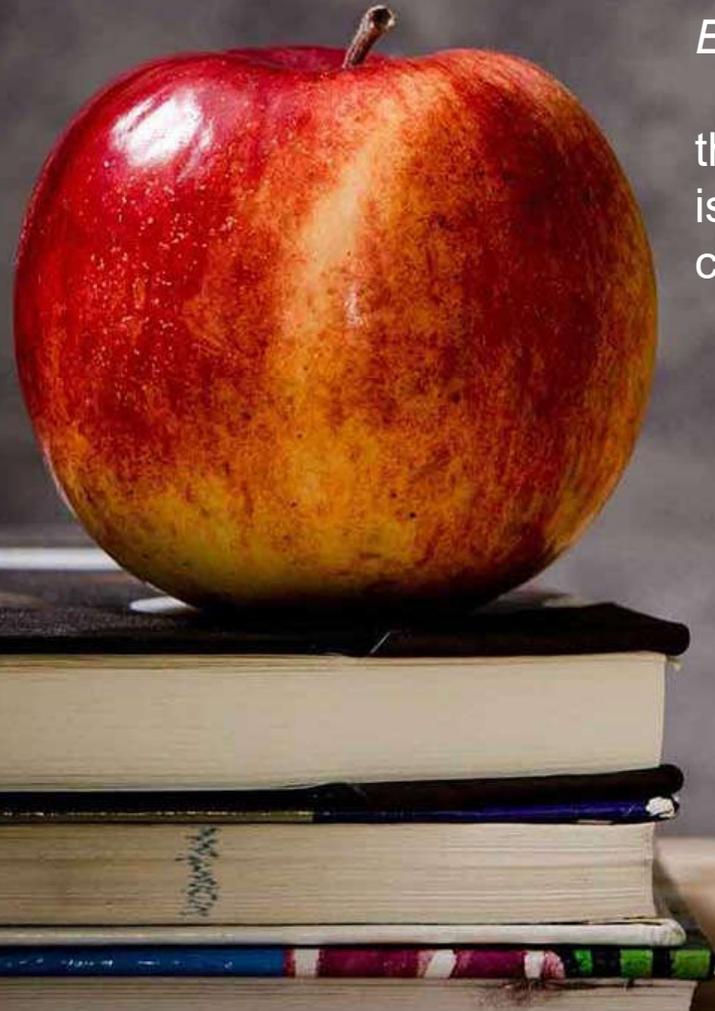
companies have shareholders who demand a reasonable return on their investments, they have employees who want good jobs, and they have customers who want their products to satisfy their needs.





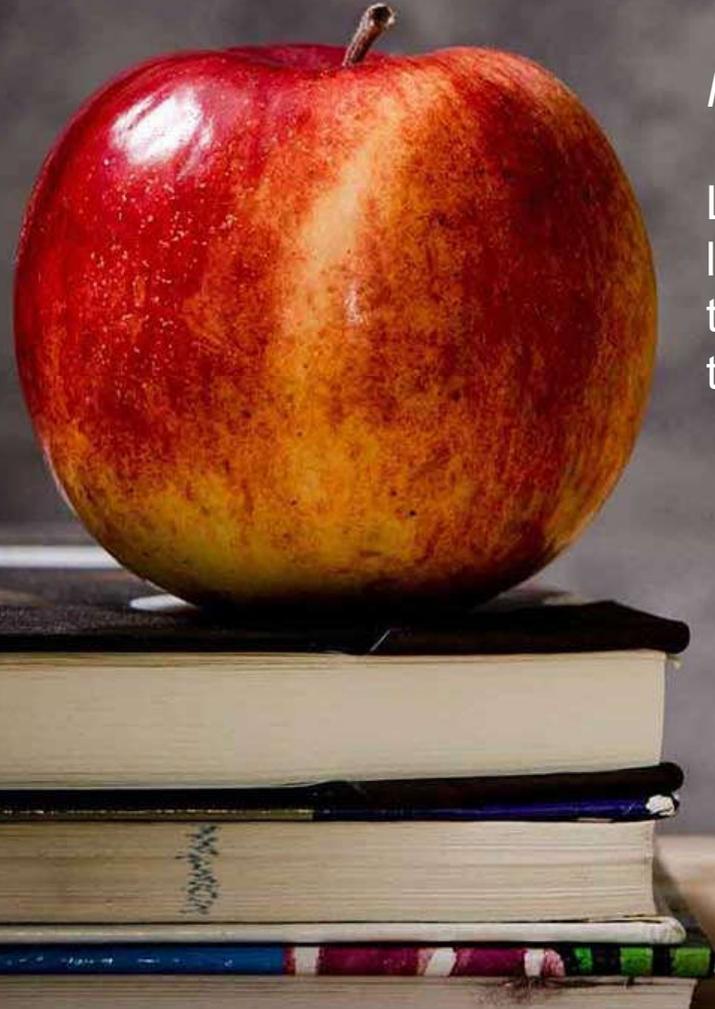
*Legal responsibility.*

the legal responsibility of corporations demands that businesses abide by the law and 'play by the rules of the game'.



### *Ethical responsibility.*

these responsibilities oblige corporations to do what is right, just, and fair even when they are not compelled to do so by the legal framework.

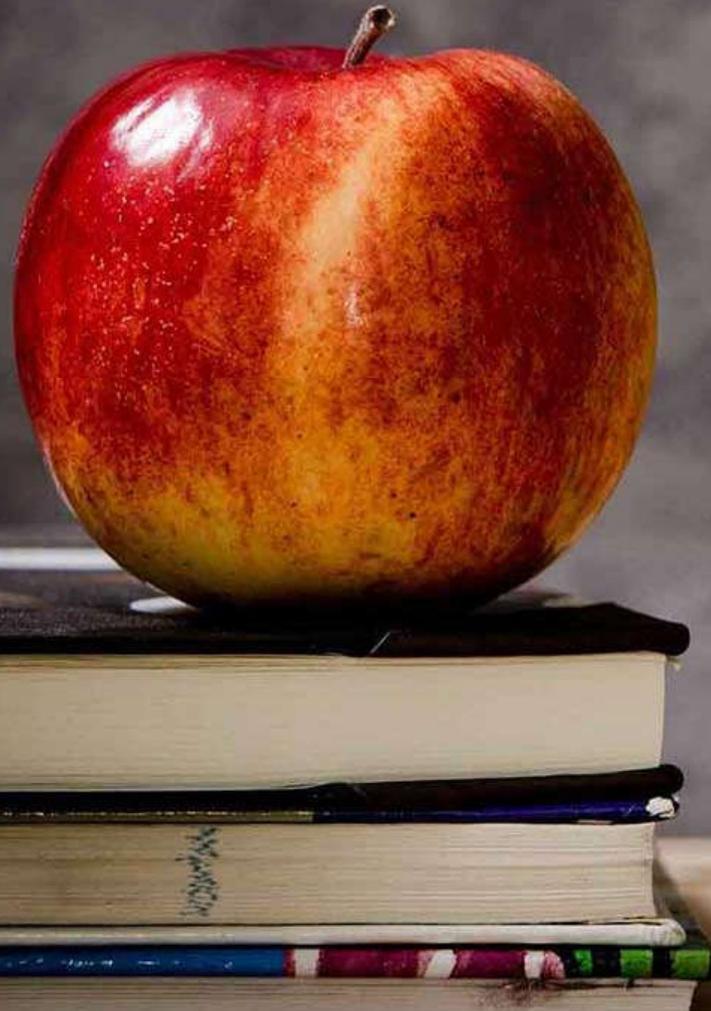


### *Philanthropic responsibility.*

Lastly, at the tip of the pyramid, the fourth level of csr looks at the philanthropic responsibilities of corporations. the greek word 'philanthropy' means literally 'the love of the fellow human'.



# Strategies of CSR



	Traditional CSR	Contemporary CSR
<b>Focus</b>	Risk	Reward
<b>Driver</b>	Image, Brand, Public Acceptance	Performance, Markets, Products
<b>Relation to the bottom line</b>	No direct contribution: CSR is value distribution	Integral goal: CSR is value creation
<b>Responsiveness</b>	Reaction, Defence	Accommodation, Pro-action
<b>Motto</b>	'CSR is bolt-on'	'CSR is built-in'

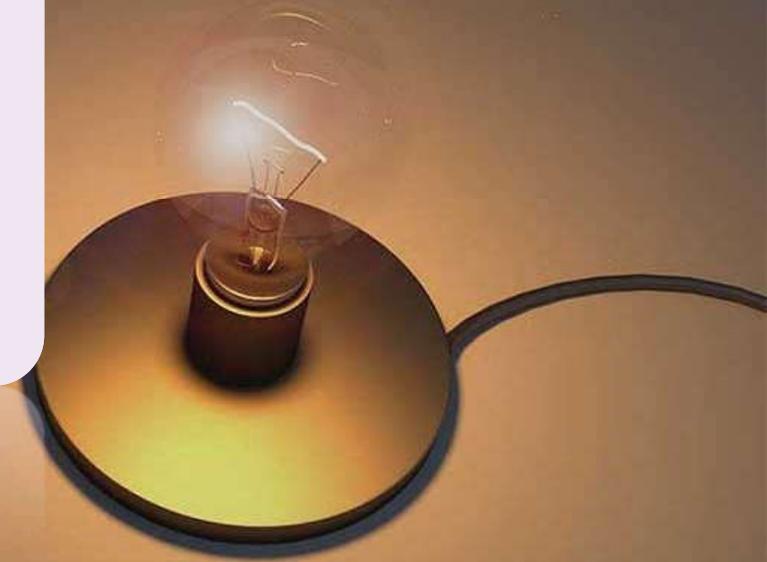
Figure 2.2 Basic types of CSR strategies

## Research exercise

Select one of the following companies:

- (a) Microsoft ([www.microsoft.com](http://www.microsoft.com)).
- (b) BMW ([www.bmwgroup.com](http://www.bmwgroup.com)).
- (c) Panasonic ([www.panasonic.com](http://www.panasonic.com)).

Investigate the company's website and set out the main aspects of its corporate citizenship programmes. Which aspects of its programmes might be said to be formerly governmental responsibilities? What are the benefits and drawbacks of the corporation taking over these responsibilities?





# REFLEKSI

1. Informasi penting hari ini
2. Manfaat penting dari informasi penting hari ini
3. Tindak lanjut yang dapat saudara lakukan





# THANK YOU

Any Question ??