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English 211C

April 4, 2018

### Corporate Social Responsibility in America

With the ever increasing status of corporations in America, product liability becomes an increasingly more ominous threat to big businesses. When addressing specific lawsuits filed against these companies, many argue consumers need to educate themselves before purchasing a product, while others assert that companies need to continue being held accountable. Opponents of manufacturer liability claim that businesses are facing great financial losses due to a staggering amount of lawsuits filed against them. They claim it is wrong to hold them accountable for product misuse by customers. Although the claim objector's rationale does have merit, they present a poorly reasoned argument, relying on outdated evidence and flawed ethical reasoning. Corporate social responsibility has been integrated into businesses to mitigate these issues in a way that is beneficial not only to the consumer, but the corporations concerned as well.

Corporate social responsibility (CSR) is defined as "a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders" (Lexicon). This concept has become increasingly more popular because it reminds businesses that their power does not only have to be profit based, companies with extreme power can utilize their wealth to bring about positive changes. For example, Starbucks is an enormously

successful company that demonstrates corporate social responsibility by making their products sustainable and better for the environment. They also perform humanitarian work, utilizing a small percent of their income to bring water to those in need (Starbucks). A relevant ethical theory to CSR is Kantianism, [the] “view that the only intrinsically good thing is a goodwill; an action can only be good if its maxim – the principle behind it – is a duty to the moral law” (California State University). This theory is based solely on reason and knowledge, to decide what actions are morally right.

Corporate social responsibility can reliably encourage ethical business practices through the ideals of Kantianism. The Kantianism school of thought states that, “by following the categorical imperative commands you must follow, regardless of your desires. Moral obligations are derived from pure reason”. As devised by Immanuel Kant, humanity has the ability to apply reason in order to determine what action is right (Kissel). By adopting Kantianism, companies may realize why they need to continue being held accountable for product liability cases. According to Kant’s universality principle, “One must act according to that maxim which you can at the same time will that it should become a universal law without contradiction” (Kissel). If a company refuses to refund a patron for an undisclosed flaw in a product, then the company does not have the consumer’s best interest in mind, and they thereby deceive them for financial gain. If that intent were to be universalized, then there would be no accountability for anyone’s wrong doings. For this reason it is imperative that companies strive to follow ethical doctrines such as those suggested by Kantianism. Corporate social responsibility constantly enforces these values and prevents businesses from regaining the ability to function without consequences.

In the past manufacturers were not held liable for product misuse, and an injured customer who purchased a defective product from a retailer would have no "privity of contract" with either the manufacturer or wholesaler (Ryan, Kenneth E.). This restricts the consumer's ability to bring a lawsuit upon a manufacturer. In this regard, manufacturers simply used consumers as mere tools for profit, with no boundaries set to ensure their wellbeing. When companies do not promise a safe product, or claim false statements, they rob the consumer of the ability to autonomously buy the product without fear of personal harm. In the past, lack of transparency has led to serious damage, not only to companies, but also to customers. History itself demonstrates that it is wrong to hold the American people accountable for faulty products, for it is not them who is creating and distributing the products, it is the companies.

Moreover, reversions to traditional practices of product liability is unethical due to Kant's formula of humanity, to "act so that you treat humanity, whether in your own person or in that of another, always as an end and never as a mere means" (Kissel). By putting opponents' ideas into the formula of humanity, manufacturers are using consumers as mere means, because manufacturers have no thoughts towards customers interest or goals. Doing so would make it a violation of Kant's second categorical imperative. Therefore, If American government holds consumers' liable they would be using consumers as a mere means, making the opponent's argument, unethical.

The establishment of corporate social responsibility in all businesses will significantly increase ethical business standards, as well as display a greater amount of transparency through reports on their achievements. This will not only benefit consumers but the companies

themselves. Businesses who adopt corporate social responsibility will maintain a positive public image, gain an increase in profits, and avoid negative public relations, all while helping their stakeholders and the environment (Brandies University). Fang-Mei Tai and Shu-Hao Chuang created surveys that “indicate that 61% of consumers would buy a product from a socially responsible company or would switch retailers if cost and quality were equal” (Tai and Chuang). The results of these surveys show that businesses not establishing corporate social responsibility into their business are disregarding a large margin of consumers. Companies that take responsibility for product misuse and have a desire to positively impact society, gain better profit margins than companies that do not, because consumers are attracted to businesses which behave in an ethical manner and evaluate the social and environmental impacts of business practices consistently.

Companies with a positive public image have a competitive advantage in the free market. For example, if there were two hardware stores and one sold faulty products, then a rational being would buy products at the store with a higher standard. This would increase the more ethical business’ profits and public image, while the bad business receives the negative public relations in that community. Peter W. Roberts and Grahame R. Dowling stated that, “Good corporate reputations are critical because of their potential for value creation, but also because their intangible character makes replication by competing firms considerably more difficult” (Roberts and Dowling). This benefit of CSR will cause organizations to find ways to make their product or service benefit the community, so they can remain reputable within that community. A further result of developing a reputable image in the public eye is that higher profits may occur

to corporations. As long as an organization continues to interact in socially responsible activities with the community, corporations will continue to see increases in profits. These benefits continue to strengthen over time and enhance other luxurious abilities, such as gaining highly qualified employees.

The other known benefits of implementing CSR to all corporations are employee engagement and better environments. According to Gallup, companies are only receiving 13% engagement from their employees, worldwide. Other than the millions of taxpayer dollars that go into product liability cases, there is an additional estimate of “450 to 550 billion USD annually due to decreased productivity from disengaged employees” prior to corporate social responsibility (Gallup, 2013). David Conrad mentions that having meaningful work is one of the most impactful ways to get driven employees (David Conrad). Since CSR provides positive, impactful work towards the community, economically and environmentally, employees will have a more meaningful purpose to work, other than to survive. A Net Impact Study in 2010 has shown that employees who “have the opportunity to make positive social or environmental impacts on the job are more satisfied by a factor of 2:1” (Brad Goettemoeller). Employee satisfaction will give companies efficient staff which leads to better overall results.

In addition, the United States Judicial system have begun to demonstrate the application of corporate social responsibility to businesses through laws. According to the state of California Department of Justice, California Legislature enacted the Transparency in Supply Chains Act. This act ensures “that large retailers and manufacturers provide consumers with information regarding their efforts to eradicate slavery and human trafficking from their supply chains,

educate consumers on how to purchase goods produced by companies that responsibly manage their supply chains, and, thereby, improve the lives of victims of slavery and human trafficking” (S.B. 657, § 2, subd. (j)). The California statute validates how retailers and manufacturers are still accountable for consumer product misuse, because of companies moral duties to their community. The California Department of Justice also realizes their moral and beneficial action of implementing CSR as a way to improve the quality of life of unfortunate humans in America at an insignificant cost.

Opponents of implementing corporate social responsibility argue “why corporations should be socially responsible which implies government and policy intervention to promote CSR and support stakeholder rights” (Subhabrata Bobby Banerjee). According to the doctrine of double effect, a guideline to know when an action is morally permissible to execute, corporate social responsibility is still the morally correct decision. The doctrine has four conditions that an action must pass in order for that action to be permissible despite negative side effects. Those four conditions found at Stanford University are a nature-of-the-act condition, means-end condition, right-intention condition, and the proportionality condition (Stanford University).

The first condition ensures that “that the action in itself from its very object be good or at least indifferent”. CSR is made to create a positive impact on society. Demonstrating how corporations can promote social, financial, and environmental health, on a global scale, so people can live higher quality lifestyles across the globe. Making the maxim of this action to give people higher quality lifestyles at an insignificant moral expense. If a rational being can

universalize that maxim and follows the formula of humanity, then the actions in itself, is good. Therefore, completing the first condition of the doctrine. The second condition confirms that “that the good effect and not the evil effect be intended”. The objective of CSR is to uphold ethical values and the “evil effect” of monitoring progress through the United States government is only an assessment. It is not monitoring companies analytics we intend to do.

The third condition states “that the good effect is not produced by means of the evil effect”. In order to gain the benefits of corporate social responsibility as explained previously, a slight increase in government interference is inconsequential to the advantages of CSR. The final condition ensures that “a proportionately grave reason for permitting the evil effect” must be given in order for the action to be morally permissible. CSR provides a significant amount of benefits towards taxpayers well-being. Despite companies being required to be more transparent with the public to make sure they are meeting ethical business standards, society may find an easier time fixing environmental issues such as global warming. For example, if a business that practiced CSR disposed of their waste properly, instead of dumping trash in a nearby river. Then, aquatic life and people that survive off of the nearby water supply will be protected. Therefore, preventing suffering to autonomous lives.

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Simply by incorporating corporate social responsibility as a foundation in business practices, companies can mitigate the negative consequences of product misuse. As a result, society will contribute to the increase standard of living in their communities. Both ethics and laws determine the validity of holding businesses accountable for product liability. Applying Kantianism, a fully rational moral theory, demonstrates the moral obligation of manufacturers to consumers derived from pure reason. Adopting the doctrine of double effect from Kantianism revealed the permissibility of CSR by evaluating negative side effects of an action. Finally, a recent statute that credits both CSR and continuance of manufacturers being held liable for product misuse signifies the acception of this argument in America. The world would be a better place if companies incorporate CSR into business practices. The relationship between corporations and stakeholders would increase, the environment will be treated better, companies that adopt the practice may increase profits, and lead to a positive ethical change in society.



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