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"Global Challenges and Prospects of the Modern Economic Development"****CORPORATE AND COOPERATIVE SOCIAL RESPONSIBILITY**

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Abstract

The paper analyses corporate ethics as a tool to ensure discipline as well as a mechanism of cooperation, self-organization in a corporate community based on joint moral values of an organization and a mechanism that can be used to implement corporate social obligations towards society. A corporation is treated in the paper as a subject of social and moral responsibility. The problem of the moral status of corporations was first formulated in the 1970s, but it is as challenging today. There are two views under analysis: 1) proper subjects of moral responsibility could be only individuals and 2) proper subjects of moral responsibility could be collectives or groups of individuals, for example corporations. The first group of researchers claim that the primary objective of a corporation is increasing profits, therefore a corporation cannot be a subject of moral assessment and cannot bear moral responsibility. They acknowledge that the employees of a corporation also do not take moral responsibility for their actions, they have no "independence" and cannot make a moral assessment of their actions as they perform the functions determined by the company objectives. The second group of researchers argue that a corporation is a subject of moral responsibility and should be conscious of its moral responsibility performing as expected by society. A corporation is regarded by the authors of the paper as a subject of moral responsibility. A corporation should solve social problems voluntarily and willingly, that is, it should recognize its moral responsibility towards different groups of stakeholders.

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1. Introduction

A prominent role in company activities has currently been played by social responsibility, that is, a company's responsibilities towards individuals or groups outside the organization whose actions could have a great influence on them.

Social responsibility entails that organizations tend to reduce the negative impact of their decisions and activities on the public and environment, recognize and accept, firstly, responsibilities to conform with legislation and international regulations and, secondly, additional responsibilities which are not legally binding and beyond statutory compliance. These are responsibilities that are derived from the general moral norms and expectations of the public (Smiley, 2017).

The problem of social responsibility of corporations, that is, large entities doing business overseas, was first formulated in the mid of 20th century. In 1974, there was established the United Nations Commission on Transnational Corporations, which worked on drafting Code of Conduct on Transnational Corporations.

However, before analyzing today's problem of corporate social responsibility let us remember the phenomenon of the Russian history of the late 19th and early 20th century which is called the cooperative movement. The specific feature of cooperation is that it comprises both economic and social functions. In order to keep developing, the dual nature of cooperation requires some conditions since cooperation needs educated members for its activity. That is why through its development cooperation always tried to "improve" the local community; thus it also had educational activities besides economic activities. Cooperators subscribed to journals and opened schools and libraries. By 1917 there were a great number of journals published, about 100 cooperative journals published, University Departments of Cooperation opened.

Cooperation was gradually ruined in Soviet Russia. Its second birth started in post-Soviet Russia at the end of 20th century and has not been a complete success. It still has no sustainable form and is not widely used unlike the cooperation in other countries of the world where it is successfully developing. For example, the core of U.S. agricultural industry is a family farm. The latest research on cooperative movement concludes that "the most important feature of a family farm is regeneration of conventional moral norms" (Egorov, Inshakov, & Shavina, 2019, p. 51). Acting as a family, a cooperative collective or group of individuals also demonstrates family ethic norms based on correlation. Cooperative ethics includes the links inside the society as well as protection of environment and natural resource conservation. The UN report states that the UN "admits that family farming goes far beyond the agricultural production and comprises ecological, social, cultural and environmental goals" (Egorov, Inshakov, & Shavina, 2019, p. 52). Thus, unlike corporations, cooperation centers on the need to solve economic, social and cultural problems.

2. Problem Statement

To highlight the basic theoretical approaches to study the problem of collective moral responsibility. To specify corporate ethics as a mechanism of cooperation and self-organization of a corporate community that can be used to implement a company's social obligations towards society. To emphasize that the recognition of a corporation as a subject of collective moral responsibility is a basis for

providing a set of legal norms to assess the system of values of an individual activity of a company's employees and managers for making corporate decisions.

3. Research Questions

Collective moral responsibility, along with its appropriateness, is a focus of research papers by Ladd (1970), French (2018), De George (2017), Donaldson (2017), Goodpaster and Mattheus (1982) etc., it is also a focus of papers by Russian researcher such as Anisimov (1985), etc.

4. Purpose of the Study

The purpose of the paper is to analyse the basic theoretical approaches to study the problem of collective moral responsibility and highlight that recognizing a corporation as a subject of collective moral responsibility is a basis to form the regulatory norms for assessing the system of values of an individual activity of a company's employees and managers for making corporate decisions.

5. Research Methods

The research is based on the general scientific methods such as the historical method and the method of objectivity. The methods helped clarify the problem stated, taking into consideration different theories and points of view. The comprehensive approach allowed us to clarify the role and status of social responsibility in the activities of cooperative companies and corporations.

6. Findings

The modern society is paying close attention to the problem of social responsibility, which is often caused by social irresponsibility of large companies, especially when they transfer business to other countries remembering to increase profits but forgetting the employment opportunities for the citizens of their country, with the host countries benefitting as well as suffering, for example, from the excessive consumption of natural resources, pollution and the exploitation of employees.

Another cause of a closer attention to corporate social responsibility are economic and financial crises and the informational economy based on informational and communication technologies (ICT). It is a fact that ICT enhanced the opportunities for people's communication, including business communication, but also made it possible for rogue businessmen to abuse the actual rules and norms. Moreover, ICT helped form the fields and markets that had not existed before and therefore had no regulatory rules, which was immediately used by companies. In this regard, each country, the USA in particular, started adapting the law to protect citizens, consumers, stakeholders, partners, those who are subjects of economic relationship, from actual and potential abuses (Williams, Abbott, & Heery, 2017).

Meanwhile the society's interest deepens in the activities of financial institutions such as banks, stock exchange, insurance companies etc., whose irresponsible activities have been the key reason of the last world economic crisis which is a low-level crisis now. Thus international organizations demanded a set of concerted actions to reduce the world civilization's dependence on shady business practices of

financial institutions that had the national and the world economies use taxes to help save the institutions for the sake of their revenues (Palacio & Perez, 2018).

We can say that the problem of corporate social responsibility is a global one that could be solved by joint actions of the most powerful countries rather than the UN or other international organizations. We should also remember that each country defends its own national interests, the interests of its national capital, which is still a major barrier to effective international maintenance of corporate social responsibility in the world (Greenwood, 2013).

In August 2003, the UN issued a document, Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with regard to Human Rights, emphasizing that enterprises should respect human rights in the workplace, which provoke a discussion in the business community. The critics of the initiative doubted if it was eligible to issue more demands to companies as the concept of corporate social responsibility does demand great voluntary self-restrictions. U.S. Administration and U.S. Council for International Business stated that the standards voluntarily applied by companies could not exceed the standards imposed by federal law. The opposition was also based on the premise that defending human rights was a responsibility of a state rather than business (O'Kelly, 2019).

However, the defenders of the document, with influential non-governmental organizations, business associations and some corporations among them, argued that modern companies, powerful ones in particular, played a more complicated role in society than it was not long ago and had to solve human rights problems. Besides civil and political rights whose respect should be ensured by government, there are economic, social and cultural rights which can collide with the interests and decisions of business. As for the Russian Federation, the corporations coming under criticism are that of extractive industries (oil, metal, wood etc.). Business is also under pressure from the ant globalists and other public organizations, mass media, consulting and non-profit organizations. Thus having to have more additional voluntary self-restrictions is definitely better than spoiling the reputation of a respectable company. The company respecting human rights can be confident that it is not going to face any legal problems or be a focus of religious organizations' and human rights public campaigns or lose partners or face strikes, sanctions, personnel turnover etc.

Another attempt to join the efforts while trying to solve the problems of social responsibility was in 2010 when the European Commission urged corporations to be guided by the recommendations on social responsibility within ISO 26000, Guidance on Social Responsibility (ISO 26000 Social responsibility, 2019). Besides, the European Commission offered to set a new strategy of social responsibility in the EU in 2011-2014.

According to ISO 26000, Guidance on Social Responsibility, issued in 2010, social responsibilities should be integrated into a company's activity: standards should guide and limit the choice of measures or activity areas to make decisions. In the field of human rights, these include the prevention of actual or potential violations of human rights, avoidance of complicity, resolving grievances, non-discrimination, respect for civil and political, economic, social and cultural rights, fundamental principles and rights at work. In the field of labor practices, these are employment and employment relationships, conditions of work and social protection, social dialogue, health and safety at work, human development and training in the workplace. Enterprises should also accept obligations towards environment (prevention of pollution,

sustainable resource use, climate change adaptation, protection of environment, biodiversity and restoration of natural habitats (Barrena-Martinez, Lopez-Fernandez, & Romero-Fernandez, 2019). In the field of operating practices, a company should have obligations of anti-corruption, fair competition, social responsibility in the value chain, respect for property rights. The ISO standard also describes problems and obligations towards consumers (fair marketing and contractual practices, unbiased and factual information, consumers' health and safety, sustainable consumption, consumer service, support and complaint and dispute resolution, consumer data protection and privacy, access to essential services, education and awareness). The final point is community involvement of a company (education and culture, employment creation and skills development, technology development and access, wealth and income creation, health). A company could help improve standards of living through its performance or social investments. Each activity area, including social problems, is explicitly described within the ISO standard so that the company managers could be conscious of their decision on the way that the company takes care of the living of the community.

Notwithstanding the fact that corporate social responsibility has been the focus of many management and philosophy research papers for over 30 years, there is no unified concept of corporate social responsibility (CSR) today (Massimo, 2019), though there are a number of frameworks available. It was in the 1970s when the problem of the moral status of a corporation was first formulated, with the key question whether a corporation could be morally responsible for its activity like an individual, that is, whether it could be a moral agent. In other words, could a corporation be treated as a group of members connected to each other, or subjects of collective moral responsibility who are responsible for the result of the performance, or is it a corporation that bears full moral responsibility?

There are two concepts of collective moral responsibility. The first one supported by Ladd (1970), Friedman (2006), De George (2017) claims that the proper subjects of moral responsibility could be only individuals. For example, R. De George, an American Business Ethics researcher, argues that a corporation cannot be a subject of moral responsibility since a corporation has no conscience, emotions or self-awareness (De George, 2017). The subjects of responsibility, he says, could be the people who work for a corporation and act on its behalf so that it could demonstrate something like conscience. Since a corporation is operated by its employees, it is the employees who should take moral responsibility for the corporation (De George, 2017).

The mid of the 1980s was the period for the second concept to develop, that of recognizing a corporation as a moral agent. It was supported by French (2018), Donaldson (2017), Goodpaster and Mattheus Jr. (1982), Anisimov, (1985). The core of the concept is a discussion of the moral status of a corporation (Donaldson, 2017; Donaldson & Walsh, 2015). It is important to note that a corporation is regarded as an artificial phenomenon, a legal entity bearing moral responsibility which is different from moral responsibility of the individuals who run the corporation (French, 2018).

7. Conclusion

The authors claim that a corporation is a subject of moral responsibility. Thus a corporation should bear moral responsibility, recognize it and perform as expected by society, that is, voluntarily and willingly participate in solving social problems.

Corporate ethics is a mechanism of integrating moral values and norms into the activities of the organization and its members, a means of maintaining the integrity of the organization as a complex social system and its proper operation and development within the system of public relations. Corporate ethics could be a mechanism of self-organization and a tool of self-regulation of relationships. However, it is important to note that self-regulation of corporate relationships works if all the members of the organization voluntarily take the norms of corporate ethics as it happens in cooperative organizations but not always in corporations. In order to let cooperative organizations be well-balanced both economic and sociocultural functions should be performed, which is their specific feature. This is the “secret” of a successful development of cooperation in Russia at the beginning of the 20th century and a sustainable development of cooperation abroad. Unlike cooperation with each member participating voluntarily in its activity, it is corporate ethics which is an element of management in for-profit organizations.

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