

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Humanities



Bachelor Thesis

**Consumer attitudes towards business ethics and
corporate social responsibility**

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BACHELOR THESIS ASSIGNMENT

Siddhant Sanjeet Das

Economics and Management
Economics and Management

Thesis title

Consumer Attitudes Towards Business Ethics and Corporate Social Responsibility

Objectives of thesis

Business ethics is seen as an important part of contemporary business practice. Ethical questions arise in the relationship between businesses and their customers (e.g. advertising, safety information), between businesses and their employees (e.g. issues of exploitative pay and conditions), and between businesses and wider society (e.g. duties to community or the environment). This is often described in terms of 'corporate social responsibility', which suggests that businesses have duties to society beyond making money for shareholders. There are debates, however, whether such duties exist at all, what they are, and how companies should fulfil them.

This thesis will look at debates about the concepts of Corporate Social Responsibility and business ethics, and examine consumer attitudes and responses to these concepts through a quantitative survey.

Methodology

The thesis will develop a literature review covering the concepts of corporate social responsibility and business ethics. It will examine the historical development of the terms and their different theoretical interpretations and practical applications business in recent decades.

The thesis will investigate attitudes towards these issues among consumers through a quantitative survey.

The proposed extent of the thesis

40-50 pages

Keywords

Corporate Social Responsibility, Business Ethics, Consumer Attitudes, Advertising

Recommended information sources

- CARROLL, Archie B. and Kareem M. SHABANA. (2010). The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews* 12(1):85-105.
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Declaration

I declare that I have worked on my bachelor thesis titled "Issues in business ethics and corporate social responsibility" by myself and I have used only the sources mentioned towards the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 15.03.2023

Acknowledgement

I would like to thank my supervisor Daniel Rosenhaft Swain, Ph.D.,MA, whose guidance actually inspired me for this work. Thanks to his supervising, I was more familiar with the concept of business ethics and its importance. I would like to thank my university for providing me with such an opportunity to explore the different aspects of economics and business.

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Consumer attitudes towards business ethics and corporate social responsibility

Abstract

The importance of business ethics and how business corporations should be more socially responsible and responsive to the environment and the needs of their customers. This thesis presents different issues using examples. The steps towards development of corporate social responsibility through adopting and promoting different policies that benefit the people and stakeholders and the environment. The thesis describes the development of ethics in the past, importance of social responsibility and responsive. Different ethical issues are explained using examples. Furthermore, The thesis continues with an explanation of false advertising can negatively affect a company. The practical part is structured in the form of a survey where people are answering general questions about ethics in the workplace and how companies can be more responsive.

Keywords: business ethics, corporate social responsibility, ethical issues, false advertising, consumer attitudes

Postoje spotřebitelů k podnikatelské etice a společenské odpovědnosti firem

Abstrakt

- Důležitost podnikatelské etiky a to, jak by obchodní korporace měly být společensky odpovědnější a citlivější k prostředí a potřebám svých zákazníků. Tato práce na příkladech představuje různé problémy. Kroky k rozvoji společenské odpovědnosti podniků prostřednictvím přijímání a prosazování různých zásad, které jsou přínosné pro lidi, zúčastněné strany a pro životní prostředí. Práce popisuje vývoj etiky v minulosti, důležitost společenské odpovědnosti a citlivosti. Na příkladech jsou vysvětleny různé etické problémy. Dále práce pokračuje vysvětlením, jak může falešná reklama negativně ovlivnit společnost. Praktická část je strukturována do podoby průzkumu, kde lidé odpovídají na obecné otázky o etice na pracovišti a o tom, jak mohou být firmy citlivější.
- **Klíčová slova:** podnikatelská etika, společenská odpovědnost firem, etické problémy, falešná reklama

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1. Introduction

The terms “business ethics” and corporate social responsibility” are believed to be vague and have various schools of thought.

Business ethics and CSR can have varied meanings to many people, groups, and cultures. For instance, some businesses might place a higher priority on environmental sustainability than others, which might place a higher priority on concerns of social justice or worker welfare. Corporate social responsibility (CSR) and business ethics are complex ideas that affect a wide range of stakeholders, including the environment, communities, customers, and shareholders. It may be challenging to define these concepts in a simple and understandable manner due to their complexities.

The criteria for business ethics and CSR might change over time because they are not definitive. Companies may need to alter their methods and beliefs to stay relevant and responsible when public expectations shift and new problems are raised.

There isn't always a clear understanding of what makes excellent corporate social responsibility (CSR). There may be conflicts regarding what is moral or responsible since different stakeholders may hold different perspectives and beliefs.

Business ethics at its very core refers to what are considered ethically good and bad actions in a business environment.

It tells us what can be considered as good and bad behavior. Multiple corporations around the world have established business ethics to highly promote honesty and integrity within the employees and management so as to gain a great amount of trust between the company and its customers and most importantly, its key stakeholders or investors.

The term 'corporate social responsibility' (CSR) has significantly become

popular in recent years as companies have been seeking to balance their social responsibilities with their economic goals and objectives. Essentially, business ethics is about how companies operate and contribute to society. It's about making smart decisions in all aspects of business and life.

A business that does not contribute to the growth of the economy in any sort of way and if their workers' are being mistreated in any shape or form is guaranteed to be a failure. In addition to operating for the common good, businesses are expected to contribute to the growth of the economy and the employment of workers. Additionally, they should contribute to public projects such as building roads, schools and public transportation systems. While these are general principles, every country has its own version of what constitutes 'corporate social responsibility.

Business ethics refers to how a company conducts its operations- from planning to making decisions to contributing to the growth of the economy and workforce opportunities. Companies with good ethical standards gain public trust and are more likely to succeed than those without ethical standards. Therefore, it's essential for companies to follow ethical guidelines when operating commercially or philanthropically.

In today's society, consumers are more aware of the ethical practices of corporations and the products they buy. When it comes to manufacturing and selling products, there are many ethical principles that should be followed by companies or individuals in order to keep customers happy and loyal. It is very important that research be done before customers purchase an item or make a purchase decision based on a company's ethics.

Ethics are a huge part of any business but sometimes we may not think about it too much and just continue on doing what we want to do. But, ethics are important because they show how a company is run and the

morals of the company. Ethics show how a business operates in the current society and if decisions are made with integrity.

Companies should also refrain from false advertising as it only hurts the company itself. Instead they should try to implement more honest methods of marketing that will help the company build a good brand image in the eyes of its stakeholders and try to make products or services that doesn't harm the environment, livelihood of people or invade someone's privacy in any way.

2. Objectives and Methodology

2.1. Objectives

The aim of this thesis is to define and discuss the different issues in the nature of Business Ethics and corporate social responsibility and how important is it for business entities using different perspective ethical theories and principles and different moral issues. What are the consequences of false advertising and how customers are likely to respond to it. Moreover, it likewise substance the other idea, the hypothesis about ethics in business to give a general picture to the reader.

2.2. Methodology

According to objectives of the thesis, a hypothetical part will be introduced to clarify and bring up the significant and essential importance of the business ethics issues, finding the data and hypothesis from book, e-sources, and article as references. Practical part is presented in a form of a survey who shared their viewpoints about corporate social responsibility and business ethics in general.

3. Literature Review

3.1. History of Corporate Social Responsibility

The meaning of the term “Corporate Social Responsibility” has constantly been evolving throughout the years. Bowen stated that Businesses have an obligation to conduct themselves in a way that supports society's goals and core values. This entails considering the interests of other stakeholders, such as employees, customers, and the community, in addition to maximizing profits for shareholders[1].

Corporate social responsibility (CSR) is an essential component of a company's mission and identity rather than merely a matter of regulatory compliance or selfless altruism. He believed that rather than only responding to pressure from the outside or legal restrictions, businesses should be proactive in recognizing and addressing social and environmental challenges [1].

However Milton Friedman argued that when it comes to CSR, A company's sole social responsibility is to boost earnings and maximize shareholder value while remaining within the confines of the law and morality. In other words, businesses should not be concerned with societal or environmental issues, but rather with maximizing profits for its owners or shareholders[2].

According to Friedman, companies that go above and above what is legally necessary in terms of CSR activities are essentially using shareholder funds to support causes that might not be in line with the interests of the shareholders. He believed that while the government and non-profit organizations are responsible for promoting social welfare, companies shouldn't be in the business of doing it[2].

Friedman's view has been widely criticized because it ignores the potential beneficial effects that corporations can have on society and the environment, beyond simply creating money, this CSR strategy has also been criticized as being overly limited and shortsighted. Many argue that companies have a duty to give back to the communities they operate in and to act as good corporate citizens[3].

Friedman emphasized on how firms affected the economy, whereas Bowen argued for a more comprehensive approach that took into consideration the impacts on society and the environment. These differing views are a reflection of a larger discussion in the field of business ethics concerning the social responsibility and place of corporations in society.

3.2. The key aspects of Corporate Social Responsibility

In the year 1991, Archie Carroll proposed a four part model of CSR that highlighted the responsibilities companies have to their stakeholders[4].



Figure 1

Source: [\(Carroll A. , The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders, 1991\)](#)

1. Economic responsibility:

At the most basic level, businesses have an economic obligation to satisfy customer requirements while also making a profit for shareholders. This includes generating employment, paying fair wages, and offering high-quality goods or services that satisfy consumer requirements. Without carrying out this fundamental economic duty, a business cannot continue to exist or make additional contributions to society.

Maintaining a solid competitive position is crucial[4]. Additionally, they must accomplish this without overspending, i.e. without wasting too many limited resource that may be used more efficiently. Profit is therefore the first and most important responsibility that business owners have when they enter the market [5].

2. Legal responsibility:

Businesses have a duty to uphold the law and ethical principles. The company hasn't done its customers any favors if it has made money unlawfully. If they have made money by threatening rival businesses or paying off politicians to enforce policies that benefit them. As a legal obligation, businesses are also required to abide by rules and laws. Laws governing consumer protection, environmental protection, product safety, and workplace safety are included in this. Legal action, fines, or other penalties may be imposed on businesses that don't uphold their legal obligations. The bare minimum necessary to run a business is compliance with legal obligations, however this does not always entail exceeding the bare minimum.[1,4]

3. Ethics: Even when it is not mandated by law, businesses nevertheless have a need to act morally upright. Businesses also have a moral obligation to conduct themselves in a way that is honest, fair, and considerate of all stakeholders involved. This includes considering how their activities may affect their team members, clients, suppliers, and the community. Honesty, commitment, and fairness are examples of ethical responsibilities. Ethical responsibility displays the company's ideals and dedication to moral conduct, beyond what is expected by law. It's important to understand and uphold any new or developing ethical standards that society has established[4,7].

4. Philanthropic responsibility: Businesses have an obligation to give back to the community and enhance stakeholders' quality of life. Also, businesses have a philanthropic responsibility to advance societal development. Supporting social and environmental causes, donating to charities, and participating in the community all fall under this category. A company's philanthropic duty demonstrates its dedication to supporting the community and enhancing the lives of the less fortunate. Assistance for both public and private educational institutions is crucial. Business donations of funds, such as support for the community, the arts, or education, are examples of philanthropy[4].

Carroll's concept argues that CSR involves balancing the needs of various stakeholders as well as fulfilling social responsibilities. It recognizes that businesses have obligations beyond purely focusing on increasing profits, such as ethical and societal obligations.

While this model has been widely embraced by businesses and CSR experts, and it has had a significant impact on how many companies understand CSR. It has, however, also received criticism for being oversimplified and not properly explain the complexity of corporate social responsibility[8].

This list of responsibilities may appear extensive at first. It appears that they are contradicting against the traditional economic view that management has only one duty: to maximize the wealth of its shareholders or owners. The most vocal supporter of this approach, economist Milton Friedman, has maintained that social issues are not the responsibility of businesses and that they should be resolved by the unrestricted functioning of the free market system[6].

3.3. Impact of CSR on business performance

Archie Carroll has argued that companies should fully embrace CSR as implementing CSR will reap a lot of benefits for the company in both short and long run when it comes to business performance[6].

These include:

1. Enhanced reputation: Businesses that participate in CSR are frequently viewed as being more moral and ethical, which can improve their reputation with customers, investors, and other stakeholders.
2. Improved consumer loyalty: By showing a commitment to environmental and social issues that are significant to them, businesses can build stronger relationships with their customers through CSR programs.
3. Improved employee engagement: When employees feel their organization is improving society, they are frequently more committed and driven. CSR efforts can support employee engagement and a sense of purpose.
4. Reduced risk: Businesses that conduct their operations ethically and sustainably may be less susceptible to legal or regulatory issues, reputational harm, or other types of risk.

Carroll believes that the link between CSR and company success is complicated, despite his belief that CSR can improve corporate performance. Companies must carefully weigh the costs and advantages of their CSR strategy in light of their unique business goals and circumstances because not all CSR activities will result in increased performance.

On the other hand, Milton Friedman has argued that Businesses have only one duty: to increase profits for their shareholders. Any additional social or environmental responsibilities fall to people, not businesses. Friedman contends that companies that engage in CSR initiatives outside of their primary objective of generating profits are effectively spending shareholder funds for purposes they did not authorize or intend, and that this is an illegitimate use of funds[2].

According to Friedman, companies that put a focus on ethics or social responsibility are actually doing their shareholders a disservice by refocusing resources and attention away from their primary business operations. He argued that companies should concentrate on offering consumers goods and services at the lowest cost possible since doing so would ultimately benefit society as a whole by fostering economic growth and prosperity[2].

According to Friedman, any attempts made by companies to further social or environmental objectives may actually have a negative impact on their ability to operate as planned since they will take resources and focus away from their primary objective of generating profits. He believed that any advantages that might come from CSR efforts would be intangible, unpredictable, and ultimately unsustainable as a foundation for profitable business. Implementing CSR will also result in businesses becoming less globally competitive[2].

Friedman's view has been subject to a lot of criticism, his view also contradicts Carroll's view. Carroll says that implementing CSR will help the company financially improve by risk mitigation and higher employee retention, enhancing reputation in the market place and attracting more clients.

For example, Netflix offers 52 weeks of paid parental leave to their employees which applies equally to both the mother and father. During this time, employees have the freedom to come back to work whenever they feel like it. During this time, the employees receive the full salary for the whole leave of absence[9].

Environment Sustainability: Netflix has pledged to decrease its carbon footprint by switching to renewable energy sources and employing sustainable production techniques. The corporation has made investments in renewable energy projects like wind farms and solar panels in order to reach net-zero greenhouse gas emissions by 2022[10].

Philanthropy: Netflix has made donations worth millions of dollars to help social and environmental problems like conservation, disaster relief, and education. The business gave \$5 million to organizations fighting racial injustice and inequality in 2020[11][12].

Netflix can be seen as a good example of CSR because they have implemented good practices to retain their employees by giving them a proper wage, they are fully aware of their environmental and social responsibilities and have taken several steps to commit to them. Also they widely promote diversity to attract more filmmakers, actors etc. all these can be seen as positive steps which will help Netflix improve their brand image and reap higher profits.

The Ford Motor Company has taken some crucial steps in the field of CSR in order to reduce their carbon footprint[13].

They have invested around \$11.5 billion into electric vehicles. The Mustang Mach-E and the F-150 Lightning are just a couple of the electric vehicles they have previously released[14].

Ford has been working on hybrid vehicles, which combine electric and gasoline power, in addition to electric vehicles. Ford has been adding additional hybrid models to their lineup in order to reduce the amount of greenhouse gases that hybrid vehicles produce compared to conventional gasoline-powered vehicles.

Aluminum and carbon fiber are two examples of lightweight materials that Ford has been utilizing to make its cars lighter. Lower emissions will result from lighter cars since they require less energy to move. James Hackett, the CEO of Ford, said to investors in October that the carmaker would cut expenses by \$14 billion over the following five years and refocus capital investment away from sedans and internal combustion engines toward the development of more trucks and electric and hybrid vehicles[13].

3.4. Business ethics

According to Alexei Marcoux's interpretation of business ethics- moral leadership, morality, and stakeholder involvement are crucial in the corporate environment.

One of Marcoux's major contributions to business ethics is the emphasis he focuses on the function of ethical leadership. He argues that it is the job of executives to establish moral standards and promote an ethical workplace. Promoting moral conduct, promoting open communication, and creating an environment that supports moral decision-making are all components of ethical leadership[15].

Marcoux emphasizes the significance of personal moral responsibility in business ethics. According to him, it is the duty of every individual working within an organization to exercise morality and to consider the moral implications of their choices and acts[15].

Marcoux also emphasized stakeholder management, he argues that companies have an obligation to take into account the needs of every stakeholder in their decision-making processes, including the community at large, employees, clients, and suppliers. This strategy acknowledges that companies have a social duty to behave in the interests of all parties involved, not just to maximize profits[15].

Similar to Milton Friedman, Ayn Rand has argued that the pursuit of profit was a moral necessity and that executives had a duty to maximize shareholder value. She further argued that businesses have no obligation to serve the interests of society or to address broader social or environmental concerns, and that the only way to create value for society as a whole was through the pursuit of profit[16]. Rand's views on CSR, according to many scholars, are flawed because they neglect to take into consideration any potential negative effects that businesses may produce.

While Stephen Hicks agrees with Rand's view of individualism, Hicks has argued that Ayn Rand's view emphasizes too much on individualism[16].

Hicks emphasizes the importance of individualism in business ethics. He believes that organizations should emphasize the special skills and capabilities that each person possesses and that people should have the freedom to decide for themselves in accordance with their own morals and values. The significance of individualism, critical thinking, and personal accountability is emphasized in Hicks' approach to business ethics. He believes that firms should consider how their activities will affect all stakeholders, not just shareholders, as part of their greater social duty[16].

3.5. Impact of Business ethics on business performance

Norman Bowie believed that companies that behave ethically have a higher probability of long-term success than those that prioritize short-term financial gain ahead of ethical issues.

Customer devotion : Bowie believed that companies that behave ethically are more likely to win their customers' loyalty. This is because companies that behave ethically and make decisions that consider the needs and interests of their consumers are more likely to earn the trust and respect of their target market[17][18].

Employee motivations: Adopting moral behavior can inspire employees to put in more effort and show greater dedication to the company's success. This is because businesses that behave ethically and make judgments that consider the welfare of their people are more likely to make those employees feel appreciated and respected.

Employees will be more motivated and engaged when they feel that their hard work is contributing to the greater good of society. Companies with bad ethics practices will result in employees being distracted more often which leads to less input and thereby less output [19].

Investors start selling off their shares in an effort to prevent a complete loss on their investment when corporations are allegedly engaging in unethical accounting methods or are under investigation for such practices, as a result, the price per share drops[20]. Ethical behavior can generate better decision-making. This is due to the fact that ethical principles offer a framework for making decisions that are consistent with the company's values and objectives[21].

A company's reputation and brand image can be improved by ethical behavior, which can draw in customers, investors, and other stakeholders.

For example, Patagonia, the outdoor clothing company, has often been seen as a bright example of a company with good business ethics[22].

Patagonia is dedicated to reducing its carbon footprint and encouraging sustainable practices. The business uses organic and recycled materials in its goods and has put in place a number of programs to cut waste and encourage recycling.

Social responsibility: Patagonia is dedicated to upholding ethical labor standards and worker rights and has launched a variety of programs. A portion of the profits are also given to issues related to society and the environment[23].

In addition, Patagonia is renowned for its creative approach to business. The business has put in place a variety of innovative programs, such as its "Worn Wear" program, which encourages customers to repair and reuse existing Patagonia products rather than purchasing new ones.

The idea that guides Patagonia's brand is that customers should be encouraged to "buy less." Their unique marketing strategy has contributed to building their reputation as a business that is particularly ethical and environmentally aware.

Its polyester, nylon, and wool are only a few of the fabrics that are recycled in this product. Most significantly, Patagonia's business strategy differs from others because it opposes rapid fashion by producing high-quality, durable goods[23].

According to Patagonia, one of the most important initiatives consumers can take to lessen their personal environmental impact is to buy less. Patagonia further states, "It would be hypocritical for us to work for environmental change without encouraging customers to think before they buy." [22]

The "Worn Wear" campaign from Patagonia encourages customers to fix and reuse current Patagonia items rather than purchasing new ones. In addition to selling pre-owned Patagonia products online, the company provides free repairs for all of its products. Patagonia has contributed to building a culture of sustainability and longevity around its brand, which has been well-received by customers, by encouraging product repair and reuse.

Outstanding customer service is something that Patagonia is well known for. All of the products are covered by a lifetime warranty, and the business is known for responding quickly to queries from customers and for being helpful. Patagonia has developed consumer loyalty and trust by offering best customer service[22].

Starbucks for example has also done a lot in the field of business ethics and CSR as well

Starbucks is dedicated to obtaining high-quality coffee through ethical and sustainable sourcing practices. They work closely with farmers to make sure they are paid fairly for their coffee beans and to promote environmentally friendly farming methods.

By putting in place initiatives and policies that help workers from various backgrounds, Starbucks has worked to build a diverse and inclusive workplace. 18% of the top authority group, which includes senior VPs and higher executives, are people of color, and 29% are female. The percentages of Black people, Hispanic or Latinx people (28.5%), Asian people (5.9%), and White people (51.8%) were given for the United States. 0.5% Pacific Islander, whether Native Hawaiian or not. [24]

Employees at Starbucks are over 70% women on average, making them part of a workforce that is 24 years old on average. The company's emphasis on employing women and encouraging diversity in the workplace most certainly accounts for this. Starbucks offers good pay, perks, and career prospects. Starbucks wants to reach a corporate IPOC Black (Indigenous People of Color) ratio of 30% by 2025.[24]

They also provide scholarship programs and health benefits to all staff members, regardless of status. Starbucks has pledged to lessen its influence on the environment through programs including trash reduction and recycling, the use of renewable energy, and the promotion of reusable cups.[25]

Starbucks has a long history of giving back to the community through supporting charities and organizations in the area and by hiring locally.

Its 2030 commitments include increasing the number of plant-based menu options, switching from single-use to reusable packaging, and funding more ethical retail locations and supply networks[25].

In order to become one of the most well-known coffee companies in the world, the business has consistently focused heavily on customer service. The company's vast customer base contributes to its ability to gain a competitive edge. This has allowed them to compete in a competitive market by providing customers with coffee regardless of price[24].

3.6. False advertising and why is it bad

A false advertisement is one that presents false information about the promoted product. It might have one or more features that deceive the consumer, such as false information, a deceptive price, exaggeration, etc. This type of advertising deceives the consumer in a number of ways, such as by using misleading language that can be misunderstood by the reader, implying that a minor difference between two products is significant when it is not, using fake product demonstrations in advertisements, which is obviously false, suggesting that a product benefit is exclusive to a brand when it is available in other products, and incorrectly implying that an endorser uses and promotes the brand[20].

Jerry C. Olson and Philip A. Dover have studied the effects of false advertising and they have argued that false advertisement may have a negative impact on consumer attitudes and actions. It makes customers confused, skeptical, and cynical, all of which can reduce consumers' trust in the company and the goods they offer. It also has a negative effect on a brand's image and reputation, as well as on customer loyalty and satisfaction. Ultimately, they argue that that businesses should place a priority on ethical advertising methods in order to forge long-lasting relationships with customers because the costs of deceptive advertising frequently outweigh the advantages[26].

Marketing that is dishonest can harm a company's reputation and diminish brand image, making it more difficult for the business to keep its existing customers and attract new ones.

Decreased sales: Consumers may be less inclined to buy a company's products if they learn that the company's marketing promises are false or misleading, which would result in decreased sales and revenue.

Negative effect on society: By promoting dangerous or toxic products, taking advantage of vulnerable customers, or accelerating environmental degradation, false marketing can have a negative effect on society[27].

If a customer isn't given a clear set of details about the product such as expiry date, side effects, safety hazards, fragility etc., it could lead to customers making a misinformed the decision about the product and when they would realize, they would be very much disappointed which would end with them leaving bad reviews which could harm the company's image. Also, word-of-mouth and social media plays a massive role when it comes to spreading news about a product whether good or bad[26].

Aware customers will make it a point to leave a negative review to avoid any future customers from buying a product.

For example, the car company Tesla Inc was fined around \$2.2 Million by the south Korean government for failing to inform their customers that the electric vehicles had a shorter driving range when the temperatures were colder.

The driving ranges of Tesla's automobiles on a single charge and their fuel efficiency as compared to gasoline-powered vehicles, according to the Korea Fair Trade Commission (KFTC), were exaggerated.

In comparison to online advertisements, the driving range of the EVs produced by the tesla company decreases by up to 50.5% in cold weather[28].

Tesla offers winter driving advice, such as pre-conditioning vehicles with external power sources and utilizing its upgraded energy app to monitor energy consumption, but it omits mentioning the reduction in driving range during below-freezing temperatures.

Tesla Korea further claimed that its customers will save \$3,900 over the course of five years compared to those who purchased vehicles with internal combustion engines and that supercharging takes less than 15 minutes and results in 153 miles of driving.

The market regulator added that there wasn't enough proof to support Tesla's claim that its cars saved drivers \$3,900 compared to other types of vehicles.

The FTC said that while only the slower V2 superchargers were accessible in South Korea at the time of the online advertisements, Tesla's charging times were based on the quickest V3 supercharger[29].

In another case, A penalty of AUD 6.6 million (about USD 4.7 million) was paid by Samsung Electronics Australia in 2020 to the Australian Competition and Consumer Commission (ACCC) for deceptive and misleading advertising regarding the water-resistant capabilities of some Samsung Galaxy smartphones.

The ACCC claimed that despite the Galaxy phones' warranties not covering water damage, Samsung's marketing implied that they could be used in all forms of water, including swimming pools and the ocean. Additionally, the ACCC claimed that Samsung had rejected warranty requests from customers whose phones had suffered water damage. Samsung agreed to pay the fine and make improvements to its systems for resolving warranty claims after acknowledging the ACCC's concerns. The company added that it would make it very clear in upcoming advertisements how water-resistant its products are.[30]

These instances emphasize the value of truthfulness in advertising and the consequences that businesses may experience if they make incorrect or deceptive statements. It also emphasizes the function of government organizations in upholding advertising regulations and safeguarding consumers from misleading marketing techniques.

In another instance, When Dove launched its positive, affirming, and inclusive Campaign for Real Beauty in 2004, it was unquestionably a marketing pioneer.

But, despite its reputation, in 2017, Dove made a critical marketing error when it released an advertisement that featured a black woman taking her shirt off to reveal a white woman underneath. Many viewers thought the advertisement was racially offensive and said it conveyed that being white was better or more desired than being black. Dove quickly removed the advertisement, and the

company issued a statement expressing regret for any offense the advertisement may have caused. The scandal sparked debates about the value of diversity and inclusivity in advertising as well as the necessity for businesses to pay closer attention to how their advertisements may affect underrepresented groups[31].

After introducing a marketing campaign for its firming lotion in 2004 that included before-and-after images of women with various skin tones and body types, Dove was subjected to a boycott. The "Pro-Age" advertising campaign sought to debunk the widespread belief that youth is the only standard of beauty by highlighting the beauty of aging.

The campaign, however, came under fire for continuing to use misleading imagery to advertise its products and for upholding limited, exclusive ideals of beauty. Numerous customers believed that the before-and-after images were digitally manipulated or inaccurately depicted the anti - wrinkle lotion's true results.

The scandal sparked a boycott of Dove goods and heated debates over how advertising affects people's perceptions of their bodies and self-worth. In response, Dove defended the campaign as genuine and open while also recognizing the need for more diversity and inclusivity in advertising[31].

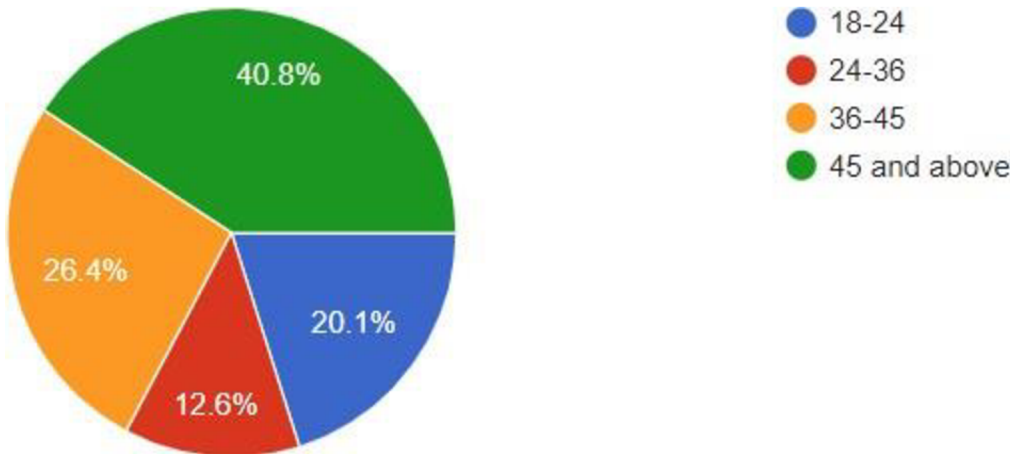
The boycott of Dove gradually faded away, but the incident served as a warning about the influence of advertising on cultural standards and the value of ethical and responsible marketing techniques[32].

4. Practical part. survey about Business Ethics

The practical part aims to study the perspective of different people on the importance of a non-toxic ethical workplace and how important is it for companies to treat their employees right and how companies should promote better policies and how companies portray themselves to stakeholders and customers and future employees . This quantitative research is carried out using a survey consisting of questions that are designed to understand companies' ethical code and their social responsiveness from the perspective of both consumers and employees .

4.1. Survey

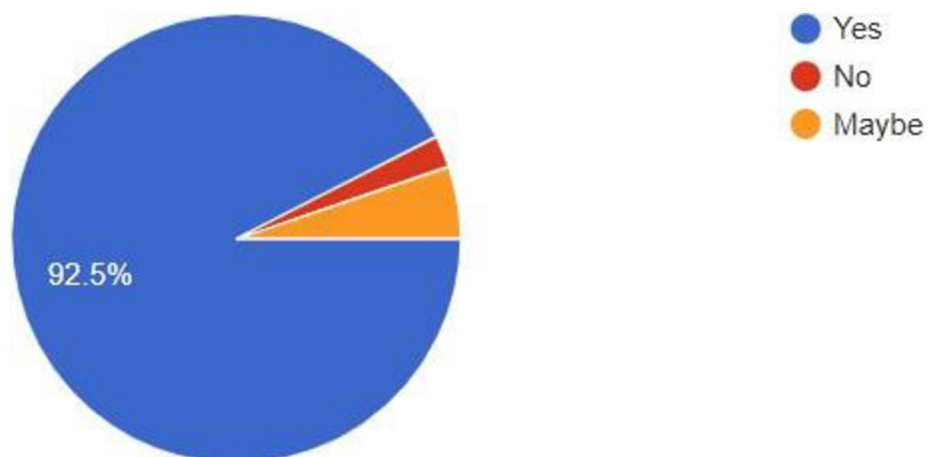
- A survey consisting of 12 questions was distributed to a sample of 170 random respondents. Their age group varied between 18- 45..
 - Almost 80% of the respondents were above the age group of 18-24.
 - Majority (40.2%) of the respondents were either 45 or above the age of 45.
- Age group of respondents



Source : own creation

4.2. Output of survey

- Questions 1-3 are general questions to understand basic factors such as age groups, the amount of work experience that they have had and their understanding of ethics in the first place, it was observed that 83.3 % of the respondents believe that ethics in a workplace are very much important.
- It was also observed that 92.5% of respondents believe that businesses SHOULD pay attention to ethics in the workplace.
- Which shows that ethics are significantly important in a workplace and people tend to be better motivated and produce more output if ethics are emphasized in every business workplace. They shall be more motivated towards their job and be more motivated towards acquiring new skills.

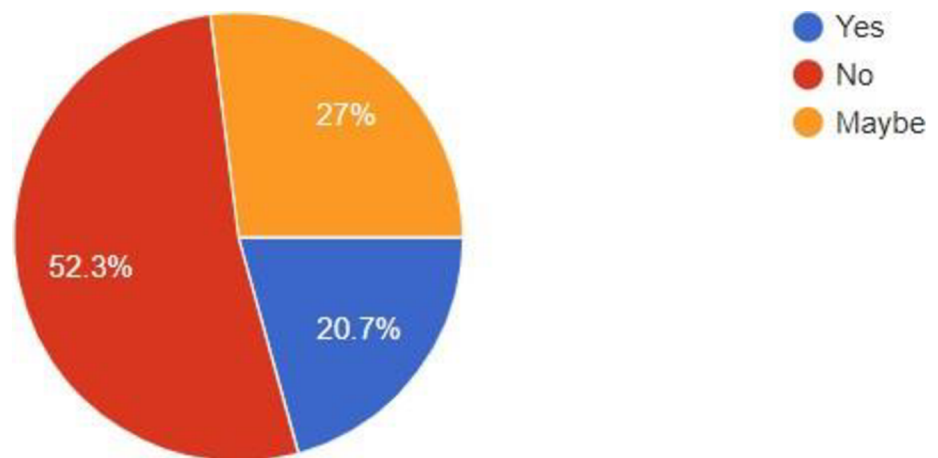


Source : own creation

- Questions 4-9 were designed to understand the respondents' awareness of gender inequality in the workplace.
- It was observed that 55.2% of respondents have either

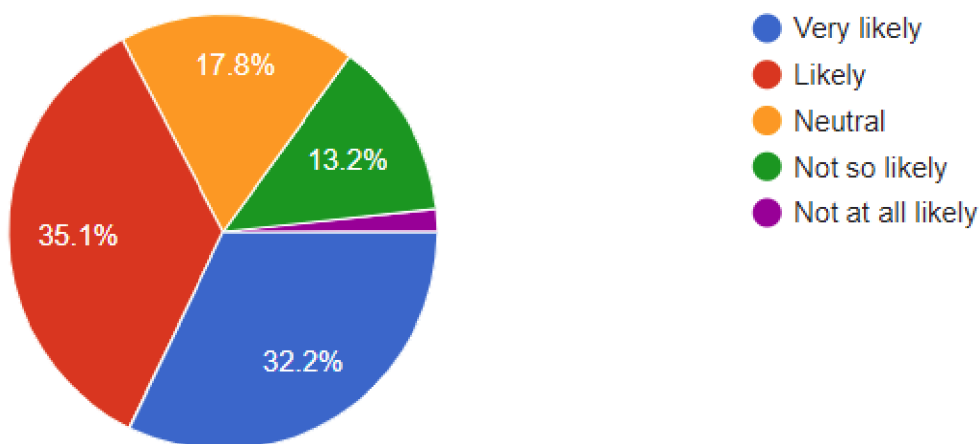
seen or experienced unfair treatment in the workplace in their workplace.

- And 11.5% have seen or experienced it very often.
 - Meanwhile, 10.3% of correspondents have seen sexism in their workplaces.
 - It was also observed that 52.3% of all correspondents did NOT believe that companies are offering equal opportunities to men and women.
- This shows that gender inequality in the workplace has become a growing matter and needs to be addressed more and more by companies and society in general. There could be systemic issues within the company that needs to be addressed in order to promote equality, inclusion and diversity.

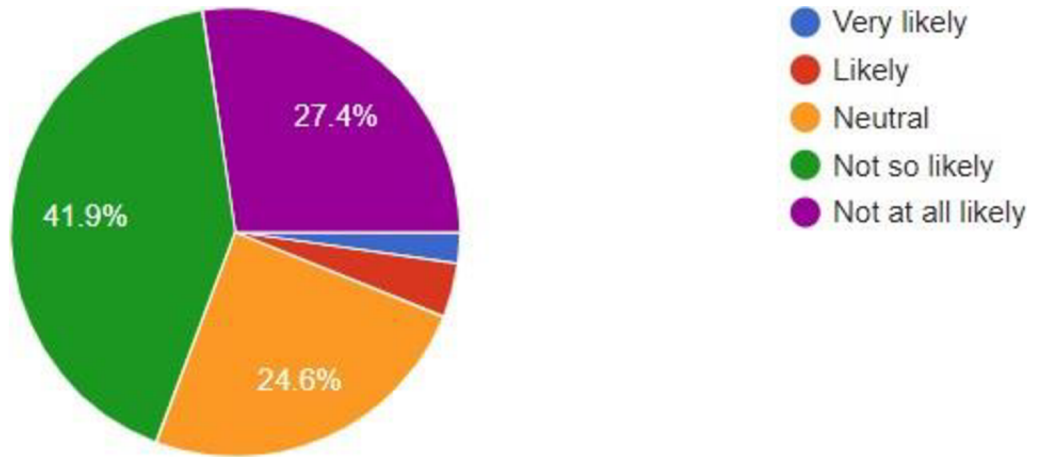


- It was observed that 68.8 % believed that work-life balance was definitely important for employees for a healthy workplace. This suggests that they would prefer working in a company that offers flexible working hours, good amount of paid holidays. Also, resources that can help them manage work related stress.

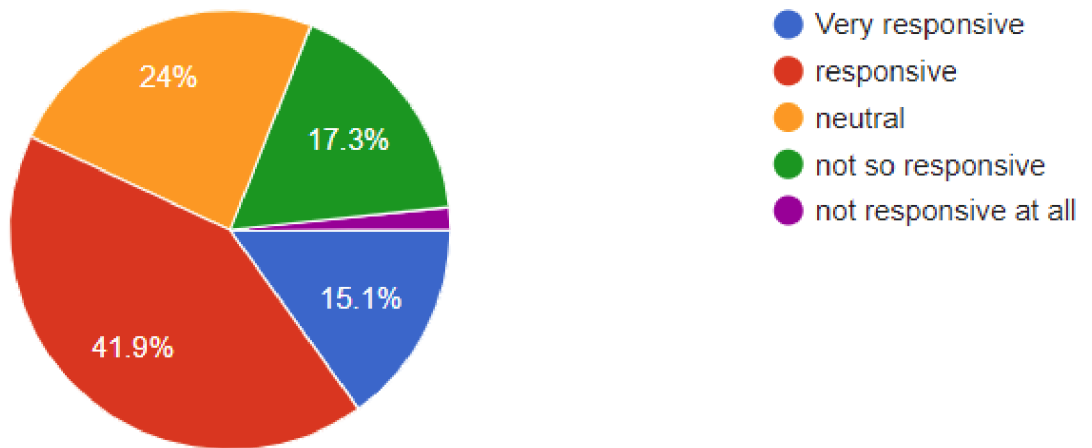
- 67.3% of correspondents were likely to take a pay cut in order to do a job that they would actually like, where they can work in a stress free environment.
- This means that job satisfaction and job fulfillment is becoming important to them. They want to work at a place where they enjoy working, where their skills are valued.
- Whereas 1.7% were not at all likely to take a pay cut.
- This could be because of the reason that many people have worked for so long that they don't mind staying at a high paying job even if they find it stressful because if they get paid more, their life will be "easier".
- l This is where age becomes an important factor as while people want to do a job that they will like even if they pay is less but eventually with age, as responsibilities increase such as housing bills, food bills, etc., they are more likely to stay at the same job whether they like it or not as long as it pays well and helps to pay the desired bills.



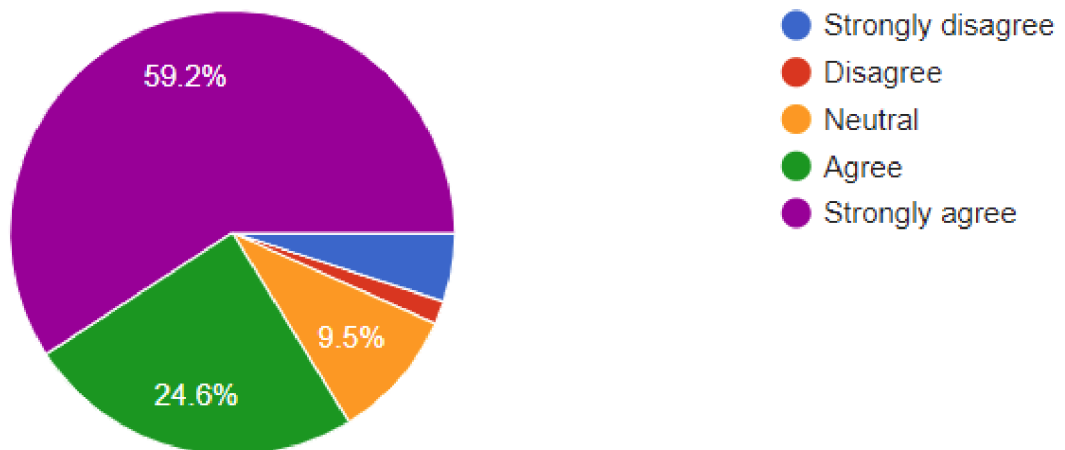
- Questions 10-12 are designed to understand the customer's viewpoint of companies when it comes to buying products, employee welfare.
- It was observed that 69.3% of all respondents were not likely to buy products from companies who don't have a good ethics code and don't treat their employees the right way, which shows that employee welfare is a serious matter to people. This portrays that there is a strong connection between employee welfare and consumer behavior. According to this majority, the price and quality of the product is not the only concern. This can also be perceived as the growing awareness of corporate social responsibility in consumers who are more likely to support a brand with a good ethics code and one that aligns with their own beliefs.
- Whereas 24.6% were neutral on such a matter.
- It can be assumed that while ethics are a problem, there are some customers who are willing to overlook such things as the price of things is a bigger issue.
- Or it could also be that they are not so aware about business ethics in a workplace or even if they do know about it, it could be possible that they don't have a strong opinion and they are simply just interested in buying the product and nothing else



- While it was observed that 57% of respondents thought that companies are indeed responsive to the needs of their customers, there were 19% of those who thought that companies are NOT responsive and 24% preferred to stay neutral.
- This implies that many of the people have not gotten what they desired or paid for.
- On the other hand, there are people who have not yet had any bad experiences with buying products or investing in companies in general and seem to be satisfied.



- 83.8% of respondents agreed that it is absolutely wrong for companies to falsely advertise their products in order to maximize profits. While 9.5% chose to stay neutral, 6.7 % disagreed.
- This shows that people are aware of such delicate matters like ethics in the workplace, and unethical behavior such as false advertising. The majority 83.8% are consumers who value truthful advertising and wouldn't buy a product if the company doesn't advertise the product in a more transparent manner.
- However the 9.5% would not be affected by such things and would continue to buy products.



4.3. Results and discussion

Based on results of the survey, it is understood that majority of people are getting aware of the impacts of business ethics in a workplace and also false advertising. Companies should make more efforts in terms of good ethics and CSR practices. They should be significantly more diverse and provide equal opportunities to people and provide a bigger platform for people to present their ideas regardless if their gender, race or ethnicity.

It is observed that 51.6% of respondents believe that companies aren't providing equal opportunities to women in the workplace.

I observed that 67.3% of respondents were likely to leave their jobs if they weren't satisfied. If companies provide good benefits to their employees such as flexible work hours, regular paid leave. Companies that put an emphasis on fostering a positive workplace environment and providing opportunities for personal growth and development may be more appealing to future employees and would help them retain their employees as many people in the survey were likely to stay at a job which they liked and offered such benefits.

However, 18.3% stayed at neutral and 14.5% were not likely to take a pay cut. One of the reasons for this could be age, people with a higher age who have responsibilities towards their families are more likely to prioritize the higher pay over job satisfaction.

I was also observed that 69.3% of respondents weren't likely to buy products from a company that falsely advertised their product

I also observed that 70.4% of respondents weren't likely to buy a product from a company that didn't treat their employees right. It is understood that buying a good product from the company is not the only concern to the customers.

23.7% remained neutral. These people maybe didn't experience any negative impacts of poor employee welfare or maybe they aren't fully aware of employee welfare or maybe just that they only care about obtaining the product and nothing else.

It is also observed that 84.4% of respondents agree that businesses shouldn't falsely be advertising their products in order to be making profits. This implies that people don't want to pay for a product that is incomplete or suspicious in

any way or form. They don't want to be misinformed and end up paying for a defective product only for them to later realize the consequences and side effects of consuming the product or service.

Consumers rely on the information in advertisements to determine their purchases, and deceptive advertising can trick customers into acquiring goods that may not live up to their expectations. Manipulation, dissatisfaction, and a lack of trust in the business may result from this.

5. Conclusion

All in all I would like to conclude that business ethics are very much important in a business environment. businesses need to do everything in order to make sure that no employee is demotivated or harmed in whatsoever way in the workplace whether its work shifts or working conditions. Issues such as discrimination and labor exploitation, sexism, etc., is everywhere and business corporations need to take crucial steps in order to prevent or curb these problems to the minimum and most importantly eradicate them entirely.

Employee welfare is an important factor if companies want to produce more output. If employees are happy and motivated, the workplace, in general, will be more lively and less toxic, employees will be more motivated to do their jobs if they are not overworked or harassed in any way. Employees will be more motivated to acquire more knowledge and learn new skills.

Businesses should always make sure that every employee is being paid the right amount of salary that they are entitled to. They should be offered more benefits such as flexible working hours, parental leave etc.

Business ethics are far beyond employee welfare and satisfaction and morale. This is because it covers a broad range of topics relating to corporate behavior and its effects on a variety of stakeholders, including consumers, shareholders, suppliers, the environment, and the larger community. Fair competition, ethical marketing, sustainability, social responsibility, corporate governance, and legal compliance are only a few examples of the subjects covered by business ethics. Employee welfare and satisfaction are crucial components of business ethics, but they only represent a small portion of the bigger picture. As a result, businesses must think carefully about the moral consequences of

all of their activities and decisions for their stakeholders and society at large. If companies have a good ethical code of conduct, it will have a better reputation, more people will want to work there.

Not just that, a company with a good ethics code will attract more investors so as to buy stocks or just support the company's work operations.

My research has also shown that a company with a good ethics code and CSR has an overall positive image in the eyes of society, customers and investors. Businesses should portray their products to consumers in an honest and ethical way and not mislead their customers into buying something that could be defective or harmful to the customers or the environment.

Based on the literature review and the survey, I can say that corporate social responsibility is one of the most important aspects in various business activities.

Social responsibility provides a means of advancing relationships within a business and with its stakeholders from both a current and a future prospect. It does this by using a business moral methodology of simple business.

Corporate Social Responsibility is very much a vital part of modern business corporations, businesses need to know what they owe to society and what implications their actions might have, because at the end of the day, the business holds a huge power on society and they should make efforts to find a right balance between profit maximization and fulfilling its duties to society. They have to be responsive towards the needs and wants of their customers. They have to be attentive towards the availability of natural resources and to make sure that they don't harm the environment. Socially responsible companies should adopt and promote different policies that benefits the environment. They should also focus on philanthropic activities so as to promote

inclusion and diversity. I can say that corporate social responsibility is one of the most important aspects in various business activities.

False advertising is something that companies should do everything to avoid. Because it will only harm the company's brand image which will lead to investors pulling out, less trust from customers and employees leaving their jobs. In a worst case scenario, companies would have to pay huge fines and also could be subject to lawsuits.

My research has also shown that consumers perceive false advertising in a very negative sense to such an extent that they are willing to boycott the products of the brand which has failed to properly advertise their product and has instead hurt people's sentiments or made them pay too much for a product that offers too little.

And due to the power of social media, companies who sell products and services that are not deemed correct will get a lot of negative publicity which could seriously hamper the company's market value because information gets leaked and goes viral very quickly as mentioned in the dove example.

And companies in middle of lawsuits are always subject to bad publicity which further worsens their brand image and all these factors together add up in making the company look unethical which in the long run leads to losses.

Modern customers will always prioritize ethical brands whose products are not harmful in any way and whose marketing reflects their ethical values

Based on results of the survey, I would like to conclude that not all age groups of people are familiar with the concept of business ethics and furthermore, not everyone is familiar with the concept of social responsibility. However, ethical questions and ethical

issues have never been exactly simplistic with a solid “right” or “wrong” argument. Majority of the respondents in my survey are aware of issues such as employee welfare, effects of false advertising and lack of inclusion and gender equality in the workplace.

Finally I would like to conclude the thesis by saying that business ethics and corporate social responsibility go hand in hand and a company that implements a well-made and uniform ethics code while being socially responsible and responding the society’s needs and tries to find the right will go a very long way.

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7. Appendix

7.1. Survey

1. What is your age ?
 - a. 18-24
 - b. 24-36
 - c. 36-45
 - d. 45 and above

2. how much work experience do u have ?
 - a. 1-5 years
 - b. 5-15 years
 - c. 15-25 years
 - d. 25 years or more

3. How important are business ethics in a workplace, in your opinion ?
 - a. Very important
 - b. Moderately Important
 - c. Neutral
 - d. Not so important

4. How often do you see unfair treatment in your workplace ?
 - a. very often
 - b. sometimes
 - c. rarely
 - d. not at all

5. How often have you seen gender inequality or sexism in your workplace ?
- a. very often
 - b. sometimes
 - c. rarely
 - d. not at all
6. Work-life balance is important for employees.
- a. Strongly disagree
 - b. Disagree
 - c. Neutral
 - d. Agree
 - e. Strongly agree
7. Do u think businesses, in general, should pay more attention to ethics in the workplace ?
- a. Yes
 - b. No
 - c. Maybe
8. How likely are you to take a pay cut to do a different job that you will enjoy doing, where also you will be more valued ?
- a. Very likely
 - b. Likely
 - c. Neutral

- d. Not so likely
 - e. Not at all likely
9. Do you think companies around the world are providing equal opportunities to men and women ?
- a. Yes
 - b. No
 - c. Maybe
10. How likely are you to buy products from a company who don't treat their employees right ?
- a. Very likely
 - b. Likely
 - c. Neutral
 - d. Not so likely
 - e. Not at all likely
11. From an ethical and CSR point of view, it's wrong for companies to advertise their products falsely to their customers in order to make profits.
- a. Strongly disagree
 - b. Disagree
 - c. Neutral
 - d. Agree
 - e. Strongly agree