

Compliance to Business Standard and Sustainable Growth through CSR - Corporate Ethics & Whistle Blowing

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ABSTRACT - CSR aims at integrating business operations with social values. Along with maintaining standards for sustainable growth, equally important is how the concern is able to handle the social, environmental and cultural factors of the business. This paper focuses on the way in which sustainable development is possible in an organization by associating with its employees, society and to the standards. CSR involves two major concepts of accountability and transparency through whistle blowing technique. Organizations today are faced with tremendous forces of change arising from globalization, information exploration, total quality service and workforce diversity. The systematic planned way of managing this change can be made possible through CSR. The various aspects which are much needed for a company's operations and its growth are revealed through this paper.

Keywords-Corporate Social Responsibility, business standard, corporate ethics, whistle blowing

1. INTRODUCTION

Corporate Social Responsibility (CSR) aligns business operations with social values. CSR integrates the interests of stakeholders—all of those affected by a company's conduct—into the company's business policies and actions. CSR focuses on the social, environmental, and financial success of a company. Corporate social responsibility (CSR), also known as corporate responsibility, corporate citizenship, responsible business, sustainable responsible business (SRB), or corporate social performance, is a form of corporate self-regulation integrated into a business model.

CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. Essentially, CSR is the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line: People, Planet, Profit. In this paper, we propose the potential of whistleblowing as a transparency tool, more precisely as complementing the 'reporting along

standards' approach to transparency. We propose rationales for whistleblowing, one in the context of corporate social responsibility.

2. WHISTLE BLOWING

Whistle blowing in its most general form involves calling (public) attention to wrong doing, typically in order to avert harm. Whistle blowing is an attempt by a member or former member of an organization to disclose wrong doing in or by the organization. It is the exposure, by people within an organization, of illegal or unethical activity, or significant maladministration activities that the whistleblower believes are incompetently managed. The term Whistle blowing is derived from Sports where the referee takes the control of the game. All players are afraid of referee as he may suspend any player if a foul is detected.

3. WHISTLEBLOWER

A whistleblower is an employee, former employee, or member of an organization, especially a business or government agency, who reports misconduct to people or entities that have the power and presumed willingness to take corrective action.

A whistleblower is a person who raises a concern about wrongdoing occurring in an organization or body of people. Usually this person would be from that same organization. The revealed misconduct may be classified in many ways; for example, a violation of a law, rule, regulation and/or a direct threat to public interest, such as fraud, health/safety violations, and corruption. Whistleblowers may make their allegations internally (for example, to other people within the accused organization) or externally (to regulators, law enforcement agencies, to the media or to groups concerned with the issues). Whistleblowers frequently face reprisal - sometimes at the hands of the organization or group which they have accused, sometimes from related organizations, and sometimes under law.

4. CORPORATE ETHICS

It is a form of applied *ethics* or professional *ethics* that examines ethical principles and moral or ethical problems

that arise in a business environment. It applies to all aspects of business conduct

5. KINDS OF WHISTLE BLOWING

Internal Whistle blowing is made to someone within the organization. Personal Whistle blowing is blowing the whistle on the offender; here the charge is not against the organization or system but against one individual. The impersonal, External Whistle Blowing – to the public.

There are three conditions that must hold for whistle-blowing to be morally permissible, and two additional conditions that must hold for it to be morally obligatory. The three conditions that must hold for it to be morally permissible are:

The firm through its product or policy will do serious and considerable harm to the public, whether in the person of the user of its product, an innocent bystander, or the public. Once an employee identifies a serious threat to the user of a product or to the general public, he or she should report it to his or her immediate superior and make his or her moral concern known. Unless he or she does so, the act of Whistle blowing is not justifiable.

If one's immediate superior does nothing effective about the concern or complaint, the employee should exhaust the internal procedures and possibilities within the firm. This usually will involve taking the matter up the managerial ladder, and if necessary and possible to the board of directors.

The two additional conditions for Whistle blowing to be morally obligatory:

1. Whistleblower must have accessible documented evidence that would convince a reasonable, impartial observer that one's view of the situation is correct, and that the company's product or practice poses a serious and likely danger to the public or to the user of the product.
2. The employee must have good reason to believe that by going public the necessary changes will be brought about. The chance of being successful must be worth the risk one takes and danger to which one is exposed.

6. BENEFITS

Whistle blowing leads to good and bad results. Whistle blowing can lead to the end of unethical business practices. Severe damage to the environment has been stopped by the actions of one individual who blew the whistle on an unethical employer. Eg :Dumping of toxic waste ,Padding an expense report ,Violating laws about workplace safety . Impacts or Consequences can be summarized in another way. Rarely whistleblower are honoured as heroes by their fellow workers, for the following reasons:Those did not blow the whistle guilty of immorality. They doubt the loyalty of the whistle blower to the employer. The whistleblower is perceived as a traitor, as someone who has damage the firm - the working family to which he/she belongs

7. REASONS FOR WHISTLE BLOWING

- a. IDEALISTIC.....
- b. Honesty
- c. Efficiency, Correctness
- d. Support for 'Victim' (of fraud)
- e. DEFENSIVE.....
- f. Against being associated with an illegal act NEGATIVE.....
- g. Dislike of supervisor.
- h. Paranoia (WB'er is the victim)
- i. Loud Mouth
- j. and possibly several reasons mixed together

Whistle blowing is morally permissible if the firm's product/ policy will do serious harm to the public and once a serious threat to general public is identified he or she should report to immediate superior.

8. CASES

In India, the Murder of NHAI Engr. Satyendra Dubey in Nov 2003: Dubey who was killed allegedly for blowing the whistle on corruption and other malpractices in execution of the ambitious Golden Quadrilateral Project. Dubey, who was NHAI project manager supervising construction of the 60 km stretch of the Golden Quadrilateral Project between Baracatti and Aurangabad, was shot dead at Gaya on the night of November 27 2003, when he was on way to house from the railway station.

Theother Whistleblowers quoted by Time Magazine's 2002 Persons of the Year include:

- i. Cynthia Cooper of Worldcom- Cynthia Cooper was Vice-president of MCI internal audit. During a 2002 audit, Cooper discovered that some of WorldCom's financial practices were shady. The company had been classifying operating costs as capital expenditures, thereby inflating its profits. She took her findings to the audit committee of WorldCom's board. Within days, the board fired WorldCom's high-flying CFO, Scott Sullivan, and revealed that the company had overstated its profits by what ultimately proved to be \$11 billion. It was the biggest fraud in U.S. corporate history.
- ii. Sherron Watkins of Enron :Sherron Watkins was vice president, Enron Corp. An accountant, she tried to warn Enron chairman Ken Lay in a six-page memo that the financial partnerships set up by the huge Houston energy company would prove disastrous and potentially destroy Enron. After meeting with Lay, Watkins says Lay assured her "that he would look into my concerns." But Lay only asked Vinson & Elkins, Enron's outside law firm, to investigate. Nothing happened. Enron declared bankruptcy.

9. DETRIMENTS

An employee who witnesses unethical business practices at work may want to think carefully before making the decision to inform an authority of the practice.

The consequences of whistleblowing are often extreme and include possible firing, civil action, or even imprisonment. Furthermore, an employee may want to follow the rule of "chain of command" – that is, begin to discuss issues of whistleblowing with his or her immediate supervisor first, before discussing the matter with anyone else. The employee may want to do research before he takes action.

Company loyalty is an internationally held value. Employees want positive work environments. Most workers do not like to have disagreements with their bosses. At the same time, bosses and managers do not want employees to complain to others in the workplace about a problem that the manager might be able to solve. Complaining to one's colleagues can be harmful to morale and should not be confused with careful thinking and action on behalf of unethical business practices. One company's unethical practices were uncovered by an employee who was later fired for "blowing the whistle." No employee wants to be branded as having bad judgment. The problem before every person is that when should an employee blow the whistle and when should he or she "keep quiet".

10. LEGISLATION

- UNITED STATES: False Claims Act:
- GREAT BRITAIN: The Public Interest Disclosure Act, July 1999.
- NEW ZEALAND: Protected Disclosure Act, Jan 2001.
- NSW: Protected Disclosures Act, 1994. .
- VICTORIA: Whistleblowers Protection Act, 2001.
- QUEENSLAND & SO. AUSTRALIA
- AUSTRALIA: Democrats proposal before the Senate.
- CANADA: Common Law: wrongful dismissal only.

In Indian Context Whistle blowers are ill-treated and is considered as unethical activity. Only RTI Act supports whistle blowers

11. CONCLUSION

Corporate Social Responsibility is fundamentally an ethical activity. As whistle blowing is usually done by an employee who retires, it is considered unethical. It is legal ethical activity which brings to light the allegations in and around the organization. Morally justifiable whistleblowing are easier, safer and more efficacious. Because directors, share holders and other authorities don't pay much attention to pretty or unproven complaints. Whether the whistle blowers are to be protected or not is the question of the modern times. Since in India , we doesn't have a law supporting whistle blowers, they are the sufferers. Only the RTI Act of 2005 gives a shield in this area in India . Hence as part of corporate responsibility each one of us should come fore ward to reveal the unethical practices taking place inside and outside the business.

The only fear that leaves behind is whether the whistle blower will be ill treated and victimized. For this, the attitude of the society towards whistle blowers should change and hence they should not be crucified.

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