

# Chapter 9

## Legal and Ethical Aspects of CSR: Potential in New Business Models Development

**Ewa Barbara Wójcik**

*University of Economics, Poland*

**Katarzyna Olejko**

*University of Economics, Poland*

### **ABSTRACT**

*The increasingly important role of sustainability issues and CSR in business activity has been widely recognized. In order to promote socially responsible decisions, changes in the macro- and micro-environment should be examined. The study offers insight into different aspects of CSR and defines those whose importance is growing, discusses trends, reasons for the state of affairs, and formulates conclusions of possible effects. The focus is on ethical values, in particular trust, and their changing perception which may lead to new business models strengthening and further development.*

### **INTRODUCTION**

Contemporary world has faced challenges of development and in order to ensure they are met profound understanding of the real nature of main problems and obstacles is necessary. There is big potential in sustainable business decisions which are often in line with their CSR practices. In order to promote such decisions motivations

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and driving forces of both firms' decision makers, as well as individuals providing labour and ultimately using the offerings, should be examined.

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The focus is on ethical values, in particular trust and their changing perception which may lead to new business models strengthening and further development.

## **Aspects of CSR**

While economic responsibility at the base of the Carroll's Corporate Social Responsibility pyramid remains to be considered as the foundation as well as the final verifier of the sense or relevance of any economic activity, the importance of the other levels has been altered. It can be stated that from the tip of the Carroll's CSR pyramid where philanthropic activities are placed, the focus shifted towards the central levels comprising legal and ethical responsibility. (Carroll, 1991) Legal responsibility should be understood as an observance of legal regulations, but also contractual obligations and consumer rights protection. Ethical responsibility involves avoidance of undesired behaviour and acting according to law, which shows the interdependence of the two levels. At present, due to vital changes in perceiving some core ethical values, it seems likely the shift is more towards values rooted deeply in the human nature rather than derivative of legal rules or regulations.

Ethical issues, intangible, complex and difficult to trace or standardize need to be given particular attention in the era of global business operating in different parts of the globe. Such businesses should understand the diversity of the environment they operate in from the perspective of human nature. While legal rules even in remote countries are complied with, very often by using the expertise of outsourced specialised local companies, there is no equivalent way to enable understanding of the specific features or requirements of the human component in local business. The trend of globalization does not seem to be specifically considered in the capacity of human values. They are understood rather as universal values, which implies they should be applied all over the world in the same way.

Such an attitude is not responsive to the logic of the network economy profoundly and to the highest degree ever based on individual ties. In the future, it should be assumed, it is individuals, their personal connections and independent decisions that will shape contacts and relations also within the framework of business which is less dependent on physical place, but more dependent on moral features of the staff working from different parts of the globe. Therefore, regional differences in approach to ethical values may gain importance in the years to come. Cross-cultural analyses of values may contribute to understanding the different attitudes of individualist

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