Unit 7 Complete Section

SAMPLE PAPER

Bethel University

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Unit 7 Complete Section

Corporate social responsibility is a broad concept. Explain the dimensions of social responsibility. What actions should organizations take to maximize each dimension of social responsibility?

Corporate social responsibility is an obligation to maximize the positive impact of an organization's actions on society while minimizing any negative effects. There are four categories within the corporate social responsibility platform that organizations must ensure they are practicing good ethics for optimal outcomes. The four categories are economic responsibility, legal responsibility, ethical responsibility, and philanthropy responsibility (Ferrell & Hartline, 2017).

Economic responsibility in the corporate sector is to be profitable. Organizations are held accountable by stakeholders for financial success. When organizations are financially successful, the employees and community benefit from a sustained quality of life (Haase, 2017).

It is imperative for an organization to conduct business in a way that shows consistency with following government regulations and laws. Lawful responsibility is simply an organization's obligation to operate within the lawful limits of the overall public where they complete their professional activities. It is the expectation of the government that businesses will abide by all laws. For example, charges, fines, polls, and the lowest pay permitted by law for employees, just to name a few (Hart & Benjamin, 2020). This can be a challenge because of ever-changing state and federal laws and regulations. Additionally, activist groups will dictate the implementation of new laws if they believe that inappropriate marketing behavior has occurred. At a minimum, organizations should follow the law (Ferrell & Hartline, 2017).

Ethical responsibility is simply an organization doing what is morally correct and in the best interest of society and the environment. An organization's role is to ensure that they are conducting business in an ethical way by considering if their actions will promote positive or negative effects. The marketing plan should include principals which are grounded in the mission and vision of the organization which is built on an ethically sound foundation. The motivation for organizations to act in an ethical manner can be found in statistics that suggest employees exert more energy on jobs that they find meaningful. Statistics also suggest when an organization creates an environment based on sound ethical decision making, employees are more invested (Stein & Untertrifaller, 2020).

Philanthropic responsibility is what an organization does over and beyond executing a marketing plan grounded in ethics as well as the economic and legal sectors of corporate responsibility. It is rooted in the very essence of an organization who wants to make a difference in the lives of people and the world we live in. An example of philanthropic responsibility is cause-related marketing where an organization will link its product to a cause.

Maximizing impact as it relates to economic, legal, ethical, and philanthropic responsibility can be achieved by ensuring that each sector of the corporate social responsibility platform is incorporated into the mission and vision of the organization.

What is the relationship between social responsibility and organizational success and profitability? What evidence can you provide to support your position?

Social responsibility is best achieved by strong leadership that leads by example and incorporates a strong code of ethics into the core values of the organization. Employees look to management to set the standard for the inner workings of the work environment. When leaders operate from a high level of integrity, they care about how the values and actions of the firm will impact stakeholders including employees, suppliers, shareholders, regulators, and the community (Ferrell & Hartline, 2017).

When ethics is the cornerstone for how organizations perform, not only do they care about how stakeholders are impacted, but they care about their interests. Firms with strong ethical environments secure a buy-in from employees thereby making them more engaged in their daily tasks and achieving customer satisfaction. Employees operating within an ethical climate will value the same level of quality that the firm exhibits. Not only will employees commit to providing excellent customer service by seeking to satisfy consumer needs and wants, but they are committed to the profitability of the firm. Employees will also experience a level of accomplishment and satisfaction when they perceive that their contributions are helping to promote social responsibility and achieve organizational objectives. Employees will exceed management’s expectations when they feel valued by their employer (Ferrell & Hartline, 2017).

There is also evidence to suggest that when employees of a firm operate from a high level of ethics, they secure loyal customers. Returning consumers correlate to sustainable profitability. Additionally, the firm operates from a greater level of efficiency thereby improving policy and processes and relationships with supply chains, which is a necessity for profitability. Finally, when a firm practices social responsibility, a consumer’s perception that higher quality goods and services are offered will result in their willingness to pay above market price (Ferrell & Hartline, 2017).

Social responsibility and the positive effect that it has on organizational success and profitability is evident in St. Jude Children’s Research Hospital’s brand. The awareness and fundraising organization, ALSAC, has done an excellent job of raising record-breaking amounts of capital for St. Jude Children's Hospital (ALSAC/St. Jude, n.d.). The organization effectively increases loyalty among endorsers and customers by operating with a high level of ethical behavior and providing examples of St. Jude doing the same. The uniqueness of what St. Jude provides to its patients and families is unparalleled within the target market. Free medical services, the patient provided housing, meal allowances, travel reimbursement, education for K-12th grades and so much more distinguishes St. Jude from its competitors. When someone mentions the name St. Jude, it is immediately recognized as the best place to seek care and refuge for a child with a catastrophic disease (Favuzza, 2018). Additionally, it is the family's perception that their child will have the best chance of being healed if they are treated at St. Jude because strong ethical behavior is engrained in the core values of the firm. It is possible that other treatment facilities can provide the same stellar treatment, however St. Jude's brand is synonymous with dominance and social responsibility (Weberling, 2010).

There are several potential ethical issues related to marketing strategies. Identify a recent ethical dilemma facing a marketing organization. Describe the ethical situation and the consequences for the organization, its customers, and its other stakeholders. How could the ethical dilemma be avoided?

Rofecoxib, also known as Vioxx, was approved by the Food and Drug Administration (FDA) in 1999 for the treatment of chronic pain and pain associated with arthritis ailments such as osteoarthritis. The drug was manufactured by Merck Pharmaceuticals and was promoted as a safer choice to non-steroidal anti-inflammatory drugs (NSAIDs) and secured ensuing FDA approval for the treatment of rheumatoid arthritis and migraines. The drug was so successful that by 2003 millions of consumers were using Vioxx and over $2.55 billion in sales revenue had been reported. Unfortunately, the following year in 2004 Vioxx was removed from the market after Merck admitted that the drug contributed to a high risk of cardiovascular disease (Wilson, 2016).

Although there was suspicion during the clinical trial phase of Vioxx about cardiovascular risks, the FDA proceeded with approval, and Merck continued to promote the benefits of the drug and conveniently minimized the dangerous side effects. There were key elements of Merck's marketing strategy that crossed ethical lines. For example, Merck hired ghostwriters for manuscripts and peer-reviewed journal publications to assist with solidifying the drug's credibility. Additionally, advertising executives for Merck established relationships with influential academic investigators. Finally, Merck invested a lot of time and money into a marketing campaign for the sole purpose of convincing physicians and patients that Vioxx was a safer choice (Thacker, 2020).

The consequences of using Vioxx were wide-spread and deadly with an FDA investigation exposing an estimated 27,000 additional cases of acute myocardial infarction and abrupt cardiac deaths were reported between 1999 and 2003. As the fallout of using Vioxx continued, Merck’s reputation was tarnished, and the public trust was lost. Additionally, legal costs surged to over $15 billion as lawsuits were filed by victims and relatives of victims. Merck’s profits were slashed in half (Wilson, 2016).

The ethical dilemma could have been avoided by operating from a place of integrity and safety. Merck’s marketing fiasco could have been avoided by operating from a place of transparency and patience by simply taking heed from the results of the research and making modifications to ensure safety as needed. Additionally, the FDA dropped the ball as well because they approved a drug with so many red flags uncovered from the research conducted (Ross & Krumholz, 2018).

Organizations that practice social responsibility are more likely to have engaged employees and most importantly honest employees. When ethics is rooted in the very core of the organization, values and the mission will reflect social responsibility (Ferrell & Hartline, 2017).

Many organizations have a code of ethical conduct. Find an organization's code of ethics and assess the code's ability to enhance ethical decision-making within its organization. What revisions do you propose for the organization's code of ethics?

The environment that exists within an organization will influence stakeholder's behavior and perceptions of the firm. An organization can have a positive impact on stakeholders and secure sustainable profits and customer loyalty by practicing social responsibility. The code of conduct is a written declaration conveying the organization's expectations for how employees should behave in various settings (Ferrell & Hartline, 2017).

At St. Jude Children's Research Hospital, the organizational code of conduct is broken down into sections according to what type of work is being conducted, but everything is tied back to the mission, code, and core values for the organization. The code of conduct receives an introduction from St. Jude's President and CEO, Dr. James R. Downing followed by the mission statement and code. The core values are addressed next. The first value is to always recognize that advancing treatment for children with catastrophic diseases is at the center of everything we do. The second value is to do what is right and take ownership of what you do. The third value is to work with purpose and urgency because of your efforts matter. The fourth value is to embrace the challenge to create a new tomorrow. The fifth value is to work collaboratively to help others to succeed. The sixth value is to always be respectful to your co-workers, our patients, their families, and visitors to our campus. The seventh value is to make the most of St. Jude's resources and be minded of those who provided them (Stjude.org, n.d.).

After the values, the code of conduct addresses expected behavior in the following areas: how we care for our patients, how we conduct our research, St. Jude's commitment to ethical business practices, commitment to effective resource utilization, and speak up and report concerns. All the core values are important as they set the standard for how employees should conduct themselves and their actions toward others, however, commitment to ethical business practices sets the standard for moral behavior and is the nucleus that holds the code of conduct together. Underneath the category of ethical business practices, you will find the following categories: appropriate behavior, background and exclusion checks, billing, confidentiality, drug-free workplace, duty to report drug diversion, equal employment opportunity, fraud, waste and abuse, gifts, government investigations, health and safety, legal and regulatory compliance, management responsibility, political activity, referrals, and workplace conduct. Next, the code of conduct addresses commitment to effective resource utilization as it relates to the following categories: financial reporting, purchasing and contracting practices, and stewardship of finances. The final entry to St. Jude's code of conduct is the declaration that every employee is responsible for speaking up. An employee's failure to report unethical behavior is an unforgivable infraction.

The Federation Equestre Internationale (FEI) takes seriously how horses should be treated and have written a code of conduct that must be strictly followed. The FEI has declared that the welfare of the horses should always be a top priority and has declared the following: as horses are trained for competition their well-being should never be sacrificed through unethical training methods, horses and trainers must be in good physical and mental standing, events should not compromise the horse's safety including but not limited to maintaining safe environments free of hazardous obstructions, after the conclusion of a horse's competitive career owners are expected to provide the same standard of care exhibited during their active careers, and finally, the FEI strongly encourages all individuals involved in the sport of equestrian to seek the highest level of education related to their craft. The FEI has proven that an effective code of conduct across wide-ranging disciplines is necessary to ensure social responsibility (Internationale & de la Joliette, 2018).

St. Jude's code of conduct has gone through many revisions throughout its implementation as it is continually evaluated and enhanced to effectively address internal and external conditions that warrant a change. A mandatory interactive training video has been created to provide stakeholders with adequate training for demonstrating acceptable behavior. St. Jude's code of conduct is an in-depth call to action filled with enhanced accountability from lessons learned, and an unyielding hope for the future. St. Jude's code of conduct effectively enhances ethical decision-making and I do not have any suggestions for change (Sisk et al., 2019).

Considering the many factors that may influence consumer brand preferences, how important is it for a brand to be recognized for social responsibility? How can we formulate the return on investment for CSR?

When an organization's foundation is built on strong moral character, they tend to be more socially responsible. Social responsibility has its advantages that help to promote sustainability in the marketplace by having a positive impact in several areas (Ferrell & Hartline, 2017).

Brands that are recognized for social responsibility are typically more sustainable from a financial perspective. There is also evidence to suggest that when employees of a firm operate from a high level of ethics, they secure loyal customers. Returning consumers correlate to sustainable profitability. Additionally, the firm operates from a greater level of efficiency thereby improving policy and processes and relationships with supply chains, which is a necessity for profitability. Finally, when a firm practices social responsibility, a consumer's perception that higher quality goods and services are offered will result in their willingness to pay above market price (Ferrell & Hartline, 2017).

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Organizations that practice social responsibility are more likely to have engaged employees and most importantly honest employees. When ethics is rooted in the very core of the organization, the values, and the mission will reflect social responsibility (Ferrell & Hartline, 2017). Employees help to facilitate sales and engage consumers. Additionally, when a consumer perceives that certain brands of goods and services are acutely aware of their needs and wants, and conscious about how their business practices impact the environment, they will become loyal customers regardless of the competition and price.

An organization effectively increases loyalty among endorsers and customers by operating with a high level of ethical behavior and providing examples of St. Jude doing the same. The uniqueness of what St. Jude provides to its patients and families is unparalleled within the target market. Free medical services, the patient provided housing, meal allowances, travel reimbursement, education for K-12th grades and so much more distinguishes St. Jude from its competitors. When someone mentions the name St. Jude, it is immediately recognized as the best place to seek care and refuge for a child with a catastrophic disease (Favuzza, 2018).

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