

Responding to Social Responsibilities and Ethics - A Study of Refractory Industry in Odisha

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Abstract

Businesses work in a wide social environment in which they have a responsibility to a range of stakeholders including the community. The term Corporate Social Responsibility (CSR) refers to the responsibility that modern business organisations have to creating a healthy and prosperous society. Ethical practices in refractory marketing help marketers distinguish between right and wrong behaviour. Adherence to ethics is essential in industrial markets as mutual trust among buyers and sellers is the key to long-term success. Marketing has evolved from a production-centric approach to a societal marketing approach that lays greater emphasis on the ethical issues in marketing. With the advent of globalisation, corporations continue to evolve, grow in power, and influence the process of consolidation. Corporations are in positions of power that allow them to do greater damage to others when they act unethically or socially in an irresponsible manner. The rights theory encompasses a variety of ethical philosophies holding that certain human rights are fundamental and must be respected by other humans. The economic theories of the firm cannot be segregated of ethical considerations as they have crucial impact on how the firm concentrates on economic power, formulate the rules of law. Profit maximisation has always been the driving force and an undercurrent behind the development of corporate. But profit is not made in vacuum, it always has an associated cost, some of which is always externalised (Rhee, 2008). Corporate law has an ethical foundation and the debate on values necessarily revolves round the activities of the firm.

This research paper on the basis of secondary sources of data collected from reports, research papers and Internet, focuses on corporate social responsibility (CSR) of TATA Group with reference to Tata Krosaki Refractories Ltd, Bajoria Group with reference to IFGL Refractories Ltd (Odisha), OCL Refractories Ltd, Sarvesh Refractories, and Manishree Refractories (Odisha). The study intends to understand the scope of corporate social responsibility and get an insight in CSR and ethical practices in the light of the case study of the refractory industries in Odisha.

Keywords: Corporate Social Responsibility (CSR), Ethical Marketing, Refractory Products, Globalisation

Introduction

CSR is regarded as a part of the “triple bottom line”, a concept that was coined by Elkinton (1998) in which sustainability is built on financial, environmental and social grounds. Working actively with an increased awareness and focus of the responsibilities of a corporation gives the business communities the opportunity to be important and powerful actors in society (Nilsson, 2005; Ruggie, 2002). Companies are encouraged to actively work with CSR. But it is not only an opportunity given to the companies; it is also in many cases expectation by customers, employees, society and other stakeholders. This project is based on a case study of one of the largest Refractory companies in India (Gochhait, 2009). The objective of the case study is to provide an empirical picture of how a large corporation handles communication of CSR issues and ethical practices.

Research Method

The purpose of this study is to examine the relationship of business ethics with the position, age, and gender of employees from organisations to develop an ethics programme which match the perceptions of employees on ethics. A quantitative correlation study considering employees from organisations as study participants were employed to achieve the purpose of the study. The participants were asked to respond to a questionnaire that consists of five parts. The questionnaire includes the demographic characteristics of participants in terms of age, position, and gender as well as the perceptions of participants on business ethics in terms of individual, organisational, operational, situational, and characteristics of work. The data gathered from the questionnaires were analysed to address the research questions posed in this study.

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Research Questions

The following research questions were addressed in this study:

1. To what degree, if any, does a relationship exist between employee perception of business ethics and the age of employees in the organisation?
2. To what degree, if any, does a relationship exist between employee perception of business ethics and the job position of employees in the organisation?
3. To what degree, if any, does a relationship exist between employee perception of business ethics and the gender of employees in the organisation?

Target Population and Sampling

A stratified random sampling procedure was used to select the sample in order to ensure that participants were sufficient to represent the total population. The stratified random sampling technique is considered more representative of the total population as opposed to the simple random sampling because it is focused on inviting participants based on their position level in the organisation. From the 130 invited employees, a total of 70 participants agreed to participate in the study. Respondents were sorted by level in the management hierarchy and a percentage in each level calculated as 10 from top management (14.29%), 40 from middle level management (57.14%), and 20 from among the operations level staff (28.57%). Therefore, the response rate was determined to be 54%.

Table 1: Frequency and Percentages of Demographic Characteristics

| | | Frequency | Percent |
|-----------------|--------------|----------------|------------|
| Gender | Male | 41 | 58.6 |
| | Female | 29 | 41.4 |
| | Total | 70 | 100 |
| Age | 18-27 | 15 | 21.4 |
| | 28-40 | 36 | 51.4 |
| | 41-55 | 16 | 22.9 |
| | 56-65 | 3 | 4.3 |
| | Total | 70 | 100 |
| | Position | Administration | 10 |
| Production | | 16 | 22.9 |
| Quality Control | | 10 | 14.3 |

| | | Frequency | Percent |
|--|------------------------|-----------|------------|
| | Sales and Marketing | 18 | 25.7 |
| | Information Technology | 10 | 14.3 |
| | others | 6 | 8.6 |
| | Totals | 70 | 100 |

Data were also gathered for the perspectives of participants on business ethics. Table 2 presents the measures of central tendency for the business ethics variables. Five variables were considered as part of the perspectives of employees on business ethics. These variables include individual, operational, organisational, situational, and characteristics of work.

Table 2: Descriptive Statistics of Perspectives on Business Ethics Variables

| | N | Minimum | Maximum | Mean | SD |
|---------------------------------|----|---------|---------|--------|------|
| Individual Variable | 70 | 43 | 52 | 47.23 | 2.00 |
| Operational Variable | 70 | 21 | 42 | 35.29 | 3.24 |
| Organisational Variable | 70 | 13 | 25 | 18.16 | 2.68 |
| Situational Variable | 70 | 21 | 29 | 26.67 | 1.91 |
| Characteristics of work | 70 | 14 | 29 | 21.01 | 2.89 |
| Perspectives on Business Ethics | 70 | 136 | 159 | 148.36 | 5.21 |

Data Collection Procedures

After obtaining approval, a letter of intent to conduct the study was sent to the organisation considered in this study. The organisations considered in this study were: Tata Krosaki Refractories Ltd, Bajoria Group with reference to IFGL Refractories Ltd (Odisha), OCL Refractories Ltd, Sarvesh Refractories and Manishree Refractories (Odisha). It was ensured that these organisations were comparable in terms of size. The letter of intent will include a brief background of the study, the purpose of the study, and the role of the participants. Once the organisations have allowed the researcher to administer the data collection of the study, an email invitation will be sent to all prospective participants. The email invitation

will also include a brief background of the study, the purpose of the study, the role of the participants, and the link to the survey questionnaire in Survey Monkey.

Data Analysis

A series of one-way Analysis of Variance (ANOVA) were also conducted to assess the relationship of position to the perspectives on business ethics. Table 3 presents the results of the analysis for the independent variable position. As observed in Table 3, there was no significant difference in the mean scores of operational, organisational, and the characteristics of work variables between participants who held different positions (p -values > .05). However, there were significant differences in the mean scores on individual ($F(5, 69) = 3.973, p$ -value = .003) and situational

variables ($F(5, 69) = 3.443, p$ -value = .008) as well as the overall score of the perspectives on business ethics based on position ($F(5, 69) = 3.578, p$ -value = .006). Therefore, it can be determined that there is a relationship between the perceptions on business ethics and an employee’s position in a company. Past research has indicated that managers must also be aware of the implications of business ethics in the organisation (Campbell, Martin, & Rene, 2005), which is in line with the findings of the study. Moreover, past research by Piccolo et al. (2010) stressed that leaders are role models in influencing and developing the ethical beliefs and behaviour of their respective employees. This is in line with the results of the data, indicating that the level of business ethics is dependent on the position held by the employee in a company.

Table 3: ANOVA Test for Difference between Perspectives on Business Ethics Variables based on Gender

| | | Sum of Squares | Df | Mean Square | F | Sig. |
|---------------------------------|----------------|----------------|----|-------------|-------|-------|
| Individual Variable | Between Groups | 65.461 | 5 | 13.092 | 3.973 | 0.003 |
| | Within Groups | 210.882 | 64 | 3.295 | | |
| | Totals | 276.343 | 69 | | | |
| Operational Variable | Between Groups | 57.437 | 5 | 11.487 | 1.106 | 0.366 |
| | Within Groups | 664.849 | 64 | 10.388 | | |
| | Totals | 722.286 | 69 | | | |
| Organisational Variable | Between Groups | 54.038 | 5 | 10.808 | 1.561 | 0.184 |
| | Within Groups | 443.233 | 64 | 6.926 | | |
| | Totals | 497.271 | 69 | | | |
| Situational Variable | Between Groups | 53.294 | 5 | 10.659 | 3.443 | 0.008 |
| | Within Groups | 198.149 | 64 | 3.096 | | |
| | Totals | 251.443 | 69 | | | |
| Characteristics of work | Between Groups | 40.048 | 5 | 8.01 | 0.955 | 0.452 |
| | Within Groups | 536.938 | 64 | 8.39 | | |
| | Totals | 576.986 | 69 | | | |
| Perspectives on Business Ethics | Between Groups | 409.438 | 5 | 81.888 | 3.578 | 0.006 |
| | Within Groups | 1464.633 | 64 | 22.885 | | |
| | Totals | 1874.071 | 69 | | | |

Recommendation and Conclusion

Although the research was able to conclude that there is indeed a relationship between job position and business ethics, the study could not depict the specific rank of

employees that stated their perceptions on the importance of job position to business ethics. Room for further research to understand this is suggested in order to deepen the understanding of the relationship between business ethics and job position held in different Refractory industries

in Odisha. The researcher recommends that the proper implementation and establishment of business ethics must be done in the workplace, with the managers starting the trend. The main reason for this is due to the fact that managers are said to mostly influence the workplace for they are technically the leaders of the teams there. Based on the findings of this study, wherein only job position held in different Refractory industries in Odisha has been found to have a relationship with business ethics, it is hereby recommended that an in depth form of research must be done to determine which demographic factor has the most significant relationship to business ethics in an organisation.

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