

# Effects of irresponsible business practices

[Business](#)



Irresponsible business practices can be curbed through external interventions. Recently, business have been engaging in irresponsible business practices such as the excessive privatization of industries that are subsequently unanswerable to governmental bodies may result in infringement of consumer and employee rights. Additionally, certain companies are outsourcing their jobs in order to avoid the full effects of the law.

In other words, unless there is a cap on the amount of outsourcing that businesses can do, chances are that this avenue will be a method used to dodge environmental laws in countries with tough regulations. The essay shall look at the effects of irresponsible business practices with regard to such issues and a critical analysis on the matter shall be given.

Fleishman - Hillard conducted a National Consumers league Study during the year 2006 to find out what the key concerns about irresponsible business practices were. They found out that there was a lot of commitment towards the issue of corporateresponsibility. According to most consumers, responsible business behavior is demonstrated by commitment to the sense of community. In other words, most companies are supposed to provide living wages to their respective employees. Additionally, most US consumers felt that when companies carry out excessive downsizing, then they are not exercising responsible business practices. This opinion was further solidified in subsequent years by the existence of the US's economic downturn. (Bulkeley, 2001)

In the latter survey, it was found that theenvironmentwas still an important aspect of responsible business practices. Most people now fully understand <https://assignbuster.com/effects-of-irresponsible-business-practices/>

the impact of businesses upon the environment especially because they know that natural resources are shrinking by the day. They asserted that corporate organizations needed to show this commitment through the use of direct action in conducting business.

What was particularly interesting to note was that the American public felt that their corporate organizations were not meeting expectations. This was largely because people felt that responsible business practices within the US are nothing short of average. Most people claim that companies are not improving their responsible practices. This is highly affected by information obtained from media sources. The latter study also illustrated that there is a tendency towards a tipping point in which consumers are getting to expect more government intervention in terms of ensuring that businesses act in socially responsible ways. (Paluszek, 2005)

It has also been asserted that close to eighty two percent of the American public feel that the government needs to do more in terms of the healthcare, the environment, energy and other issues that businesses have a direct interest in. It has also been asserted that lack of government oversight within industries such as food, energy, chemicals and pharmaceuticals is a clear sign that irresponsible business practices are now on the rise.

It has also been shown that interventions through international standards need to be done. In other words, corporations need to be aware that their actions are not being conducted in isolation and that they are now accountable to the kinds of issues that affect consumers or employees. (Kyle, 2005)

Overly, the findings from this study indicate that corporations ought to be on their toes. They need to realize that being proactive is their best bet against the challenges of the current business arena. Irresponsible business practices are likely to cost businesses because consumers easily gain access to this information through the internet and also through internet blogs and interactions. Company generated sources are not the only avenue for accessing information and that the American public will verify information asserted by these companies through other external sources. Corporations are also faced with the challenge of redefining their business practices. This means that the companies need to inform consumers about other dimensions of responsible business practices such as;

- Environmentally responsible actions
- Better salaries for employees
- Better jobs
- Local interactions

The latter study was an examination of some of the opinions that the American public had about their corporations. In order to bring some balances into this discussion. It is essential to look at another side of the story. Some adherents claim that the issue of responsible business practices is actually quite contradictory and may even be regarded as irresponsible in itself. People holding this school of thought claim that companies are obligated to their respective shareholders. They assert that the number one commitment for any business is to make profit. Consequently, expecting businesses to apply their resources for socially responsible practices causes companies is to behave in a socially irresponsible way. (Bansal, 2000)

It would therefore be an acceptable thing for a company's owners to purchase hybrid vehicles using their personal resources so as to reduce carbon emissions. Alternatively, company owners may decide to support organization taking part in charitable causes through their own prerogatives. However, it has been argued that company directors have no right to deploy resources or assets to social causes that would have otherwise been utilized for profit making ventures.

In line with the latter thoughts, some groups have asserted that in order to be responsible business men, one should give consumers the alternative of paying more for a certain good or service so that the remaining balance is allocated towards other socially responsible causes. In Massachusetts, such an experiment had been conducted. Contrary to expectations, only one percent of the entire consumer market was willing to engage in such a charitable coz. This is largely because the public felt that it was their responsibility to engage in sociable causes. Additionally, they were against the idea of being involved in mass business practices that had charitable connotations. This shows that the public's perceptions of what constitutes responsible business practices are not what one may expect. (Orlitzky & Schmidt, 2003)

According to these adherents, managers are expected to invest corporate assets to achieve corporate objectives such as product innovation, profitability, growth and other issues that are likely to improve the rate of shareholder's return on investment. As a result of this, it can be asserted that engaging in responsible business practices such as building a green

headquarters would in no way contribute towards higher returns on investment.

According to these adherents, irresponsible business practices are caused by directing resources meant for corporate purposes into sociable functions. Most of the time, this can lead to failure of a business's directors to respect the group that it owes its highest form of appreciation and this is their owners or their shareholders