Chapter 6
Corporate Social Consciousness and Responsibility with an Ethico–Economic Idea of Productivity and Efficiency

ABSTRACT

The concept of Corporate Social Consciousness and Responsibility (CSCR) is introduced in the model of measurement of its effect as moral and ethical value on production. Thus, a financial production function as well as a real-value production function is endogenously induced by the learning parameters of the phenomenology of unity of knowledge. This is shown to yield a new concept of complementarities between ethically induced economic efficiency. Empirical directions are prescribed.

BACKGROUND

Corporate Social Consciousness and Responsibility (CSCR) is about ethical behavior in the governance and decision-making of a firm. The firm’s principal decision-making items in its choice of technology and factor inputs to produce goods and services are based on physical units of such factors. But beyond this limited view of production menu the modern firm is concerned with ethical issues that enhance the learning prospects of the firm as an organization, and also brings about economies...
of scale and economies of scope in the production of goods and services. Thus the modern firm is not a competitor; rather it is a cooperator with other firms, locked in a network of interactive and integrative choices in an evolutionary learning environment of production, productivity, and efficiency. Such attributes of the modern firm comprise not an exogenous enforcement of social responsibility. The enforcement comes about by endogenous actions and response, whose roots are in ethical consciousness. Thus we use the term Corporate Social Consciousness and Responsibility (CSCR) in the study of a firm’s production function and its financing.

**OBJECTIVE**

The objective of this chapter is to examine the ethical roots of firm’s behavior and its measurement in respect of CSCR with ethical induction of critical variables. A quantitative model of circular causation between the variables is established to explain pervasive inter-variable complementarities. The principle of pervasive complementarities presents the sure sign of unity of knowledge between the good things of life in an organic learning system. Thereby, socioeconomic sustainability is established through such a learning system. A firm’s ethically induced indicators of productivity and efficiency are therefore unreadable in a theory of economics and finance that fails to endogenize ethics in the production menu.

This chapter will develop an ethically induced perspective of production function. Such a production function is then used to develop and quantify the ethically induced productivity and efficiency measures. A quantitative model of unity of knowledge signified by the circular causation between participatory variables, as in the case of a socioeconomic organic learning system, is established and empirically evaluated with analytical conclusion.

**REVIEW OF THE LITERATURE**

The above-mentioned points have been well exhibited by the Japanese firms (Kobayashi, 1988), which emphasize the team-work and coordination in Japanese business and corporation. Kim and Mauborgne (2005) wrote their prolific best-seller in this area of cooperative management of production for firms and strategic businesses. Indeed, within the system and cybernetic idea of decision-making in management and organization (see various issues of *Kybernetes, International Journal of Cybernetics, Systems and Management Studies*), with the firm being an example of the idea of interactive and integrative decision-making in a learning environment,
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