

## LECTURE 1: ETHICS AND BUSINESS

### A- Ethical behaviour:



**Ethical behaviour** is doing things that are morally right. **Ethics** (countable noun) are moral beliefs about what is right or wrong. Ethics (uncountable noun) is the study of this. **Ethically responsible** companies want to do the right thing in areas such as:

- **employment and community:** they want to pay attention to things that affect all people, not just their employees, in the areas where the company has its offices, factories and activities.
- **the environment:** they want to conduct business in ways that **protect the environment** to ensure that the air, rivers etc. are not **polluted** and plant and animal life are not **endangered**.
- **winning new business:** they want to get business without engaging in **corrupt** behaviour, for example offering **bribes** - money given to someone so that they behave **unethically**.

Companies want to be seen as good **corporate citizens**, with activities that are beneficial not only for their **stakeholders** - their employees, shareholders and so on - but for the community and society as a whole.

### B- Accountability and transparency:

Ethical corporate behaviour includes **accountability** - the idea that companies are completely responsible for what they do and that people should be able to expect them to explain their actions. **Transparency** is explaining this behaviour in a way that can be understood by outsiders, and not trying to hide anything. Companies may say that they demand high levels of **probity** and **integrity** - complete honesty - from their employees, and that they do not tolerate any form of **misconduct**.

### C- Corporate social responsibility:

Companies have long had **codes of ethics** and **codes of conduct** saying how their managers and employees should behave. Now they are looking at these issues in more systematic ways. They are designating executives to oversee the whole area of **corporate social responsibility (CSR)**.

1.1. Read the article relating to the ideas in A, B and C opposite. Then say if the statements below are true or false, identifying the phrase or sentence from the article that confirms your answer. (The first one has been done for you.)

<i>How to become good in all areas</i>	
<p>Few companies are clear about how to manage what can be an amorphous collection of internal initiatives and external relationships on social, environmental and ethical issues. Probity and responsibility must be embedded in a company's culture, strategy and operations from the top down. But how can this be done? A new guide from Business for Social Responsibility, a US non-profit research and advisory organisation with 1.400 member companies and affiliates, attempts to answer this by taking the reader step by step through the process of designing a corporate social responsibility management system.</p> <p>Only a handful of companies have a full CSR management system in place, says the organisation, which advises its members on how to make responsible practices integral to their strategy and operations. Its corporate members, mainly in the US and Europe, have combined annual revenues of nearly \$2.000bn (£1.300bn) and employ 6m people. They include</p>	<p>Airways. Coca-Cola. Ikea. Unilever and Wal-Mart. The scandals in the US have underlined how "corporate responsibility taskforces" and codes of conduct are not enough on their own and can sometimes be a smokescreen.</p> <p>"Creating and building a successful CSR management system is a complex, long-term project for any company" says the report. "It involves a shift in the way a company conducts business and can be likened to implementing other large-scale change initiatives such as total quality management."</p> <p>The guide runs through basics such as who currently has responsibility for CSR in the company, why a better management structure might improve things and what "hot-button" issues (child labour, drug pricing) face different sectors. It encourages companies to think hard about their stakeholders, what their concerns are, how credible and influential they are and whether they are a potential long-term partner or a liability.</p> <p style="text-align: right;"><i>Financial Times</i></p>

1. Most companies have clear, coherent policies on social, environmental and ethical issues.  
*False-- few companies are clear-- social, environmental and ethical issues.*
2. If a company behaves with probity, it has high ethical standards.
3. Business for Social Responsibility has a coherent approach to designing a corporate social responsibility management system.
4. It's simple for a company to add a CSR management system to its day-to-day business.
5. Codes of conduct are enough to ensure ethical behaviour.
6. The guide says that a company's stakeholders should all be kept happy so that they are all retained by the company over the long term.

1.2. Complete the sentences, with expressions from A and B opposite.

1. The company was accused of giving.....to local officials in order to allow their products into the country more quickly,
2. The company has supported several projects in the local..... where its factories are situated.
3. Voters demanded that there should be greater.....in the election process so that they could understand it fully.
4. Following the scandals of Enron, WorldCom and others, there is greater emphasis in business schools on the teaching of.....

1.3. *Over to you:* Think of a particular ethical issue that concerns you. Write a letter to an organization asking what its policy is on this issue.