

# Business Ethics and Social Responsibility

- By “Business Ethics” we imply the standards of conduct and moral values that govern actions and decisions in the work environment. These four factors matter the most here:

- Social responsibility.
- Balance between what is right and what is profitable.
- Often no clear-cut choices.
- Often shaped by the prevalent ethical climate.

This has often necessitated greater regulatory control, e.g., the Sarbanes-Oxley Act 2002 added oversight for the nation’s major companies and a special oversight board to regulate the public accounting firms that audit the financial records of these corporations.

- **The new ethical environment** has come from

- high profile investigations in the headlines;
- corporate officials charged with wrongdoings etc.; and
- increasing professionalisation of the workforce.

- **Individuals Make a Difference:**

- Personal ethics matter, e.g., a survey of British workers found 30% spent 30 minutes daily doing personal business online.
- Technology has expanded abuses, e.g., data-theft, hacking etc.

- **Individual ethical development has three stages:**
  - **Preconventional:** Is this action legal?
  - **Conventional:** Is this action acceptable?
  - **Postconventional:** Is this action right?

No discussion of ethics can be complete, however, without these three dimensions of ethical focus: (a) anthropocentric or human-centered, (b) nature-focused; and (c) the temporal versus cross-generational. A discussion on ethics also leads us to

- **On-the-Job ethical dilemmas** mainly arise from the following at raise the common ethical challenges for today’s business

- conflicts of interest
- the questions of (a) honesty versus integrity and (b) loyalty versus truth.
- whistle-blowing; and

- **Organizations shape ethical conduct by**
  - **Raising ethical awareness**, e.g. code of conduct.
  - **Ethical reasoning**, by formal training in resolving ethical issues.
  - **Ethical actions**, by helping employees reason through ethical issues.
  - **Ethical leadership**, by demonstrating ethical behavior in their actions.

- **Social Responsibility:** Management’s acceptance of the obligation to consider profit, consumer satisfaction, and societal well-being of equal value in evaluating the firm’s performance. For example, contributions to the overall economy, job opportunities, and charitable contributions and service. This is measured through social audits.

- **Responsibilities of a business** are to these stakeholders:
  - General public
  - Customers
  - Employees, and
  - Investors and the financial community

Business managers are occasionally faced with ethical dilemmas. These references can help us and our people understand the consequences of choices in business.

([http://management.about.com/od/businessethics/Business\\_Ethics.htm](http://management.about.com/od/businessethics/Business_Ethics.htm))

 **If I Tell You, I'd Have to Shoot You**

(<http://management.about.com/cs/ipandpatents/a/NDA062199.htm>)

 **Lessons Learned From Enron**

(<http://management.about.com/cs/generalmanagement/a/Enron091902.htm>)

 **Your Boss Is Watching You**

(<http://management.about.com/cs/people/a/MonitorEE062501.htm>)

 **Business Ethics from an Islamic Perspective**

(<http://www.islamist.org/images/ethicshm.pdf>)

 **Can We Afford Ethics**

(<http://www.pinchot.com/MainPages/BooksArticles/OtherArticles/CanWeAffordEthics.html>)

 **Codes of Ethics Online** (<http://csep.iit.edu/codes/>)

 **Ethics Connection**

(<http://www.scu.edu/SCU/Centers/Ethics/homepage.shtml>)

Business strategists like late Peter Drucker have always emphasized ethics, as does the Johnson & Johnson “Credo” available at the site:

<http://www.jni.com/connect/about-jni/jni-credo/?flash=true>

**“They Said It”**

“Start with what is right rather than what is acceptable.”

—Peter Drucker  
(1909–2005)

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