

Analysis of ethical policies and practices management essay

[Business](#), [Management](#)



Introduction

Business Ethics is also referred to as Corporate Ethics and is a form of professional and applied ethics which examines the moral and ethical problems and principles arising within the business environment. Business ethics apply to all the aspects of conducting business and are quite important for determining the way organizations and individuals behave (Crane & Matten, 2010). Business ethics are based on both descriptive and normative dimensions. This field is very important in case of career specialization and corporate practices. The quantity and range of different business ethical problems represents interactions between non-economic concerns and profit-maximization behavior. A large number of academics and corporations found greater interest in business ethics particularly during 1990s. Ethics play an important role in regulating the details and area of behavior which are not in governmental control. Incorporation of larger enterprises based on limited sensitivity and relationships with the communities where they function boosted the growth of some formal ethical systems (Fernando, 2009). This report critically evaluates the business ethics and policies of British Telecom by covering the various ethical models and theories discussed in the module.

Ethical Theory and Models

Stakeholder Theory

Stakeholder Theory defines business ethics and organizational management practices associated with the values and morals for organization management. It initially originated from a book written by R. Edward

Freeman named as Strategic Management: A Stakeholder Approach which basically recognized and classified the stakeholders to an organization and suggested ways in which a management can fulfill the requirement of them. In simple terms, it catered to the people that really matter (Burchell, 2008). Traditionally, the stockholders or shareholders were considered the owners of a company and the company was compelled to rank their requirements at the top so as to boost their values. The stakeholder theory believes that some other groups are also involved like governmental bodies, trade associations, political groups, communities, trade unions, suppliers, financiers, customers and employees. In some cases the competitors were also subjected as stakeholders depending upon their ability to create an impact on the firm and other sincere stakeholders (Ferrell, Fraedrich, & Ferrell, 2008). The stakeholder approach is one of the most instrumental theories for an organization which integrates the market-based and resource-based outlook based on a socio-political outlook. As per this approach a firm must realize the ones who are the actual stakeholders of a firm and the situations when they must be considered as stakeholders. The latest Stakeholder Theory is based on these queries (Smith & Lenssen, 2009). Hartman & Desjardins (2008) have argued that this theory depends on a normative outlook comprising of identifying the philosophical and moral guidelines so as to manage and operate the corporation. In this context a typology was also derived on the stakeholders depending upon their attributes like urgency, legitimacy and power. Eight different forms of stakeholders have been identified by combing the attributes by the binary method along with the organization's implications. The effects of an

argumentative relationship between organizations and stakeholders were examined with help of incompatible or compatible interest in combination with contingent or necessary connections in the form of additional attributes so as to analyze the configuration of such relationships (Hartman & Desjardins, 2008).

1. 2. Analysis of Stakeholder theory practices in BT

BT being leading the world market understands the need for short-term profitable gains so as to achieve success. They also realize the impact created by values on the society and the environment. Stakeholders generally assist an organization in creating a sure and sustainable future with the help of a holistic approach towards their values and enforce them via the practices and policies used by them. The British Telecom aims at enhancing its connectivity rather than just burdening the existing infrastructure which is quite huge. BT has been seen to apply its expertise, experience and skill of incorporating sustainability within its large-scale processes. As part of its business ethics it covers up various areas like enhancing its energy efficiency, implementing the social inclusion programs locally (Beesley, 2012).

1. 3. Normative Theory

The relativists of normative moral argue that relativism that is meta-ethical portrays that one has to bear with the behavior of other people even if it goes against one's cultural or personal moral standards. It has been argued by philosophers that intolerance is required to some extent. It has been mentioned that one as to have a quiet approach towards moral traditions

which can result in suffering and hardship (Fisher & Lovell, 2009). One does not need to accept the personal society's moral norms such that they become counterproductive or ineffective or even unnecessary. This means that it is quite practical if a group or person defends their personal values from others, even when a universal morality or prescription is lacking. Other cultures can be criticized for not fulfilling their personal goals in an effective manner. It has been argued by moral Universalists that they do justify tolerance but disagreeing with the moral systems will not always require interference aggressively (Wettstein, 2012).

Examination of BT Business ethical policies in Business Offshoring

British Telecom ensures that it does obey the fundamentals of business ethics even when the company is operating in diversified platforms throughout the world. For example, BT along with sustainability has established a clear set of ethical practices detailing the offshoring of the services jobs by BT to other countries like India. Company examines the global approach of the offshoring and implication evaluation for ethical practices, giving strategic advice to the companies that are interested in knowing business ethics and offshoring and studying particular impacts created by the offshoring decisions of BT in India and UK (Ansell, 2007). As part of its ethical practices, British Telecom ensures that the management talks with the stakeholders prior to decision making, policies must be designed carefully which are transparent and clear regarding the decisions of the company, limiting involuntary redundancy, investing in training and development of skills, set up some standards for the suppliers, developing

and training new employees and boost growth, helping the employees to manage cultural and psychological issues and listen to the local stakeholders so as to realize their perspectives and needs.

Examination of BT Business Ethics Initiatives

The business policies of the supply chain of BT function in a procurement process which ensures that the suppliers fulfill their high social, environmental and safety standards. Apart from this, BT protects its status and identified human rights as a grave risk to their reputation and activity of the suppliers. One of the initiatives named as Sourcing with Human Dignity (SWHD) was initiated in April 2001. The main aim of this initiative was to make sure that the operational activities of the BT supply chain fulfill international standards. This initiative comprises of sets of principles and standards depending on the International Labor Organization Conventions and United Nations universal Declaration of Human Rights. Cover issues like forced labor, safety and health, child labor, fair remuneration, working hours and discrimination make them move beyond the legislation (Ansell, 2007). In the last year 2011, BT gained maximum support from its main network suppliers with the help of supplier forums and written support from the supplier. New suppliers were needed to fill an electronic questionnaire based on risk assessment. In areas where the company has high risk and is in a ganger position of not fulfilling the initiative standards, it has kept up a proactive approach. Some of the future steps can be the on-site assessments so as to determine the level to which the suppliers can meet the SWHD standards and take suitable action to combat the shortfalls (Fernando,

2009). A training program for buyer awareness was introduced by BT to complement this approach. This training will be beneficial so as to make sure that all the assessors have a clear understanding of the initiative, the process of assessment, standards and guarantee consistency to some extent. From 2002 to 2003, around 54% of the total BT buyers took up the training and the rest of them received it online. Assessors' training was also offered side by side to carry out the required assessments (Ansell, 2007).

Corporate Social Responsibility

CSR stands for Corporate Social responsibility which considers the voluntary steps that are taken by a company for meeting the extensive social goals linked with sustainable development. BT is a string believer in the fact that achieving a stakeholder value in the long run can be achieved by emphasizing on the triple bottom line. All the stakeholders cannot take up a consensus approach and thus BT chooses a suitable balance among the targets and derives at responsible decisions. CSR is all about being responsible for such decisions in a transparent and open way.

Analysis of CSR Practices of BT

BT is a strong believer in Corporate Responsibility (CR) since decades. They have realized that in order to maintain sustainable business operations the company has to look much beyond the profit aspect and serve the community in a better way. In order to facilitate this step they have invested 1% of their pretax profits for activities that boost their vision of a better future (Crawford Camiciottoli, 2011). Along with this, investment is characteristic of collaborating with the stakeholders at all levels irrespective

of the fact is it is externally with the society, suppliers or customers or internally with its own employees. Such an engagement helps in informing and shaping the policies and strategy making of BT. Such an approach has a strong commercial base as well. It is the duty of the stakeholders to see that their business incorporates sustainable and responsible business practices in its daily operations. Such a pressure from the investment community, NGOs, government, customers and employees has resulted in an increase in the schemes and standards of social and environmental responsibility in the last few years like ISO 14001, SA8000, Global Reporting Initiative (GRI) and AA1000AS. Independent assurance and certification to the above mentioned standards offers the stakeholders to have the confidence of managing such issues confidently (Epstein, 2010).

BT Contributions toward Environment

Changes in the climate have never created an impact on the government or corporate agendas. Engagement becomes unavoidable whether it is voluntary, via tax changes or via regulations. BT provides major services of energy-efficiency goods and is also a large consumer of energy. The major vision of BT is to assist in tracking troublesome climatic changes by using innovative communication products. This will help in minimizing the intensity of carbon in the networks which will help the consumers to reduce the footprint. The main strategy employed for carbon-cutting is by way of minimizing the domestic footprint, suggesting the suppliers and consumers to minimize their footprints and influencing the employees to also minimize their footprints. BT has been successful in minimizing their footprints in the

United Kingdoms by about 58% since 1996. A target of global reduction was announced to the public in June 2008 stating that by the year 2020, the emission of carbons will be minimized by 80% from the levels seen in 1996 (Jennings, 2011).

BT Ethical Practices implementation among Employees

BT is well-known as one of the most progressive employers since the last few years. It has flexible communication services and working policies which ensure that a variety of people can work with them like people and parents with disabilities. There are 64, 000 employees and 14, 500 home workers working flexibility with the help of BT technologies. BT always aims at methods for minimizing their impact created on the environment. On the other hand, BT is proud of their track record for environmental management track established first in 1992. By 2020, the company aims to minimize the intensity of carbon by 80%. Till date 43% minimization has been achieved by being energy efficient and enhancing the renewable energy use (Beesley, 2012). Social responsibility is an integral part of BT's success in the long run. BT is aware regarding the way in which different coffee, tea and apparel industries were targeted by the NGOs and the media regarding the working conditions of the supply chains. The way BTs supply chain performs is a major CSR concern which is measured and managed by BT as a part of its business. Strategies adopted by BT are concerned about CSR innovators, builders and protectors. Their supply chains can be currently categorized as the protectors (Burchell, 2008). The key drivers also comprise of current guidance like Recommendations by the Turnbull Report and disclosure

guideline by the Association of British Insurers. Their main focus is on the significance of proactive management of the non-financial risk factors.

Conclusion

All in all, practice of standard and organized business ethics and policies within an organization can result in improvements in the suppliers regarding labor standards and environmental performance. This achievement can rather offer a model with a model that can be implemented for rest of the suppliers which can result in relevant rise in the numbers and also the service quality can be improved. This even helps the suppliers to realize the importance of participating in this process. Analyzing the BT initiatives and CSR practices enforced to maintain a strong bond with its employees as well as all its stakeholders highlight the fact that tangible improvements were seen in the daily routines of the workers engaged in the supply chain of BT. Some of the important lessons that were learnt were that making investments and winning the minds and hearts is important to succeed (Shaw, 2010). The evidence of the available impacts of BT implementing well organized business ethical practices comprise of pictures of the BT procurement for the CSR workshops and detailed assessment reports with famous brands, short, long and medium term CSR development plans and gap analysis. The risk ratings of BT retail CSR saw a minimization of the engaged suppliers, standout achievements that were impressive and CSR transparency. Suppliers have been taking the techniques and messages to the suppliers giving good results. Every supplier is able to perform with great integrity and positively influenced the end user like a high-street brand

realized the achievement of BT by turning the performance of the supplier CSR. The customer satisfaction for its internal stakeholders is 100%. It is evident that workers have a better standard of living and the CSR agenda has started targeting all the suppliers.