

# Ethical business behavior

Business



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Finally, I will choose one component from Seventh & Woods' model from "A Model of Business Ethics", and discuss how it is relevant for Anglo-American. Ethical Business Behavior Ethical business behavior refers to an organizations actions and policies that are synergistic with "doing the right thing" (Seth, 2003). Similar to the inherent laws of society that man has established that promote specific behaviors and actions that are deemed appropriate to build trust and relationships that last, it is similar In corporations.

In order to operate ethically, organizations must also establish a clearly defined set of principles and a culture of ethical compliance that builds trust and confidence with their employees and their customers (Paine, 1994). Ethical business behavior is a combination of values and normative ethics, which drive an organization. Additionally, ethical business behavior is expected by society as a whole. Seventh & Woods write, "Society does have expectations of business and of its business leaders" (Seventh & Woods, 2008).

Anglo-American and Primary are two companies that provide great strategies for practicing strong ethical business behaviors. Although both companies are in different industries, the fundamentals of their message of ethical compliance are similar in nature. Anglo American Anglo American, an international mining company operates throughout the world. According to the company, "It has extensive operations in Africa, where 76% of its employees live. It is also a major employer in Europe and employs nearly 7,000 people in the UK" (Anglo American. 2008).

This company is a major global producer and has an important role in this world economy. With the type of work this company does, and with the countries it operates in it is important for them to conduct their operations in an ethical manner. Anglo American applies corporate social responsibility through building immunities in which they operate. According to the company's ethical statement, " a long-term business such as ours will only thrive if it also takes into account the needs of other stakeholders such as governments, employees, suppliers, communities and customers. (Anglo American, 2008) They also are focused on the safety of their employees. Operating In Africa can be dangerous at best and it is the responsibility of Anglo American to ensure its 1 OFF Voluntary Principles on Security and Human Rights, which sets out principles and practices for ensuring that a company's need to ensure the security of its employees ND operations in volatile countries does not adversely impact upon the local population (Anglo American, 2008). Last, but not least, Anglo American is also dedicated to the environmental issues, combating corruption and promoting revenue transparency.

Primary For Primary there business is to produce quality clothing items globally. The company is a part of the Associated British Foods (ABF), a diversified international food, ingredients and retail group. Primary has almost 200 stores across Ireland, the UK, Spain, Netherlands, Germany, Belgium and Portugal (wry. Timeless. UK. Co/Primary). In relation to business ethics, Primary takes a strong position on their belief in their responsibility to be socially responsible and to practice strong ethical business decisions.

As a producer of clothing with a global supply chain, Primary interacts with many 3rd party vendors from all across the world. The company has embraced the challenges of ensuring that all of its clothing supply sources come from an ethically driven manufacturing company (wintertime's. UK. Co/Primary). The company publicly stresses its ethical position in the following statement on its website, " As an international brand with a global supply chain we have a responsibility to act ethically. We embrace this responsibility as an opportunity to be a great force for good.

Primary is committed to providing the best possible value for our customers, but not at the expense of the people who make our products" (wry. Timeless. UK. Co/ Primary). In addition, Primary takes many steps to ensure that ethical behavior occurs across its vast organization. As a global manufacturing company, Primary has over 600 major suppliers in over 16 countries, employing over 700, 000 employees. Primary stresses the importance of human rights and appropriate employment conditions in all of their supplier locations as part of doing business with them.

Primary also has an Ethical Trade Director whose Job it is to oversee all global supplier operations and ensure ethical conditions exist in accordance to Primary standards. The Ethical Trade Director manages other ethics managers who are stationed across the globe to monitor all operations activities. Also, Primary is associated with being a member of the Ethical Trading Initiative which is a global network of companies, non government organizations, labor unions, and other organizations that focus on improving the lives of their workers across the globe (wry. Mimeses. UK. Co/Primary). Primary bases its founding ethical principles on the International Labor <https://assignbuster.com/ethical-business-behavior/>

Organization's (ILL) Code, which is an agency in the United Nations that combines representatives from governments, employers, and workers to help form the policies and programs for which they operate. Primary has also established its own corporate code of conduct that has been translated into 26 languages and is used at all locations to stress the importance of human rights, quality, and ethical behavior in the workforce (wry. Timeless. UK. Co/Primary).

Costs and Benefits To Operating Ethically ethically also has its cost and benefits. First, when dealing with costs associated with doing business ethically, it's important to note that competition must remain fair in order for social responsibility to develop. Friedman (1962, p. 133) contended that, ". There is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud".

Benefits of doing ethical business not only benefits the organization, but the customers, communities, and shareholders. In addition to these benefits, a strong ethical program promotes a strong public image, which is very important in today's business climate. Murray and Vogel (1997) determined that when consumers were aware of the fact that an enterprise had made a great deal of effort to fulfill its social responsibilities, they were much more willing to purchase this enterprise's products.

Mohr and Webb (2005) asserted that an enterprise's responsible behaviors had positive effects on consumers' evaluation of this enterprise and their

purchasing intention and that an enterprise's lower level of ethics would significantly reduce this purchasing intention. Another benefit of doing ethical business is that not only it helps the business achieve its objectives of profits and reputation, but also helps manage other departments in the business. A business following ethics will have ethical programs that would identify values and would make sure that organizational behavior is in adherence to those values.

This will be very useful for different other programs within the business such as quality management, strategic planning and diversity management (Manager). Quality management places high importance on certain operating values for example trust among employees, reliability, measurement and feedback (Manager). If a business has set ethical values the process of quality management will be more reliable and the business will be able to offer better quality to the consumers enhancing its image and increasing its profitability.

Moreover ethics management techniques may be useful for managing strategic values such as expanding market share (Manager) and will make strategic decisions with utmost care while considering the broader effects. So ethics in business has a broader effect and is not limited to reputation, profits and growth. International Business with Integrity Seventh & Woods' international business with integrity model from "A Model of Business Ethics" applies well to Anglo American due to the nature of mining operations in foreign nations and the environmental issues associated.

It is expected that multi national corporations act ethically, not only because it is the right thing to do, but also it is within their power to do so. Seveths & Woods' (2008) write, " Citizens international business dealings. " According to Anglo American, one of their goals is to " mine in ways that minimize environmental impacts is more expensive than extracting resources regardless of impact" (Anglo American, 2008). The Pebble Project in Alaska is a good example of the way that Anglo American takes account of the environment. There was some concerned that the mine could damage fish stocks and lilled.

Therefore, Anglo American consulted widely and through a structured process with local people, politicians, businesses and especially indigenous people. Anglo American has made it clear that it will only seek to proceed with the project if it can be done without damage to the local fisheries (Anglo American, 2008). The environment is a major concern for people and governments around the world. Corporations have immense amount of pressure to produce goods to meet demand, but at the same time they have to be conscience about the environment.

Countries round the world have laws governing environmental protection and there are several agencies to protect it. Conclusion To conclude, ethical business behavior is a combination of values and normative ethics, which drive an organization. Corporate social responsibility is important not only because it is the right thing to do, it also affects the stakeholders. Anglo American and Primary are examples of how major corporations can meet shareholder expectations, while conducting operations in an ethical manner.