

Ethics and csr revision assignment

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Ethics and CSR Chapter 9 Ethics Connock and Johns (1995) define ethics as the following 3 elements; ??? Fairness ??? Deciding what is right and wrong ??? Practices and rules which underpin responsible conduct between groups and individuals Billington (2003) lists five distinctive features of ethics; ??? Nobody can avoid ethical decisions, we make ethical decisions every day of our lives ??? Ethical decisions matter, they affect the lives of others ??? Although ethics is about right and wrong, there are no definitive answers ??? Ethics is always about choice ??? a decision where the individual has no choice cannot be ethical

Billington (2003) also identifies three different approaches to ethics ??? Absolutism ??? ethics are underpinned by absolute values which all in all societies and to all situations ??? Relativism ??? ethics depend on the situation and the cultural mores prevalent at a particular time or place ??? Unitarianism ??? The good of the greatest number is the criterion of right or wrong. Carroll's (1990) 11 ethical principles

Name of Principle	Description
Categorical imperative	You should not adopt principles of action unless they can be adopted by everyone
Conventionalist ethic	Individuals should act to further their self interest as long as they do not violate the law
Golden Rule	Do unto others as you would have them do to you
Hedonistic rule	If it feels good, do it!
Disclosure rule	You should only take action or decision if you are comfortable with it after asking yourself whether you would mind if all your associates, friends and family were aware of it
Intuition ethic	You do what your gut feeling tells you is right
Means end rule	You should act if the end justifies the means Might???
equal-right ethic	You should take whatever advantage you are powerful

enough to take | | Organisation ethic | Be loyal to your organisation | | Professional ethic | Do only that which can be justified to your professional peers | | Utilitarian principles | The greatest good of the greatest number | The ethical scoring guidelines on page 355 in Kew and Stredwick is quite interesting.

Whistleblowing Whistleblowing describes a situation where an individual is so concerned about the behaviour of an organisation or of individuals within it that he/she feels constrained to raise this with a third party, which may be inside an organisation. But is normally outside. The Public Interest Disclosure Act 1998 The PIDA gives some protection to whistleblowers, although it does a right to whistleblow, as strict criteria are laid down which must be met. The act also places the burden of proof on the complainant. Professional Ethics

The following words are often used to describe what it means to be a professional; ??? Qualified ??? Objective Impartial ??? Honest ???

Competent ??? Accountable Lawton (1998) suggests 10 functions for a code of professional ethics; ??? To promote ethical, and deter unethical behaviour ??? To provide a set of standards against which to judge behaviour ??? To act as guidance to decision making ??? To establish rights and responsibilities ??? A statement indicating what the profession stands for ??? To create a contract between professionals and clients ??? To act as a statement of professional development ??? To legitimise professional norms and justification for sanctions ??? To enhance the status of the profession ???

A statement of professional conduct Business Ethics

Peter Drucker (1990) argues that by its very nature a code of individual behaviour. As a result, a business has no ethical responsibilities separate

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from those of every individual. In contrast Michael Hoffman (1990) argues that companies can be held morally responsible. Companies can be morally good or bad according to the consequences of their actions. Values underpin ethics and the values of an organisation underpin its business ethics. As long as values are shared they will help to bring together the people in an organisation and get them working for a common aim (purpose and vision). Successful companies place a high emphasis on values, and share three characteristics (Deal and Kennedy 1990) They stand for something ??? Management fine tunes their values to conform to the environment of the organisation ??? The values are known and shared by everyone in the organisation and are also known, understood and supported by key stakeholders A value driven company is likely to be more consistent in its decision making, to be single minded, and not deflected from its long term vision by short term expediency. Staff are also likely to be more committed and motivated. Code of Ethics One definition of a code of ethics is a written, distinct detailed document which consists of moral standards which help guide employee or corporate behaviour (Schwartz 2001).

Codes can be three different types (Brinkmann and Ims 2003) ???

Educational ??? aimed at increasing moral awareness and behaviour within the organisation ??? Regulatory ??? detailed rules for behaviour, which recognise moral conflicts and help with resolving them ??? Aspirational ??? laying down general values, and communicating ideals to individuals within the organisation. Good codes of ethics recognise the importance of relationships with all stakeholders both internal and external. They are clearly communicated and training is provided in order to ensure they are

understood and effective. Corporate Governance Corporate governance is concerned with; ??? In whose interests should an organisation be run How should these purposes be determined The two key issues in corporate governance are conflicts of interest and accountability. Company law in the UK and US (Anglo Saxon Model) means that companies must be run in the interests of their shareholders ??? although in the UK, corporations do have legal responsibilities to other stakeholders. Other countries such as Germany have companies with a two tier board, a supervisory board and a management board (Rhine model). The management board runs the company on a day to day basis but is answerable to the supervisory board which has shareholders, employee and third party representatives on it who represent the interests of the shareholders.

In Japan, big business is organised through large integrated corporations called keiretsu (Mitsui and Mitsubishi etc). These companies are both vertical, where manufacturers' suppliers and sub contractors are members of the same keiretsu and horizontal, where the keiretsu companies operate in different markets. Mitsubishi for example is involved in gas, chemicals, plastics, steel, aluminium, cement, butter, brewing and paper (Charkham 1994). Corporate Governance Systems | | Strengths | Weaknesses | | Anglo-Saxon Model | Dynamic and innovative. Volatile and unstable | | Fluid capital investment | Short-termism | | | Weak governance | | Rhine Model | Long term strategy | Lack of flexibility | | | Stable capital investment | Conservatism | | Japanese Model | Very long term strategy | Financial speculation | | | Stable capital investment | Crony governance | | | Weak accountability | The UK approach to the conflict of interest and accountability

questions is to use voluntary codes of practice, but to force firms to issue explanations if they choose not to abide by them. The Cadbury report in 1992 called for separation of the roles of Chairman and CEO in listed companies. The CEO to represent the executive managers and the Chairman to act in the interests of shareholders. Cadbury also called for the increased use on Non executive directors (NEDs) on boards who would also represent the interests of shareholders.

This was strengthened by the Higgs Report in 2003 which called for NEDs to be a majority on boards and for them to be independently appointed to avoid charges of cronyism (partiality to long standing friends especially by appointing them to positions of authority regardless of their qualifications) if they were selected through the ‘old boy network’ from friends of the Chairman or CEO. CSR is the way in which an organisation expresses its values in behaviour towards stakeholders. The DTI (2002) defines it as an organisation which recognises that its activities have a wider impact on society; takes account of the economic, social, environmental and human rights impacts of its activities. Carroll (1991) has a four part model of CSR

- Economic responsibilities | Required by society |
- Legal responsibilities | Required by society |
- Ethical responsibilities | Expected by society |
- Philanthropic responsibilities (the pursuit of excellence in every facet of human life) | Desired by society

Key points of CSR ??? CSR is voluntary; Compliance with the law is not CSR. An organisations CSR behaviour must go beyond the law ??? CSR is active, it involves behaviours not just good intentions ??? CSR involves environmental as well as social responsibilities ??? CSR is often carried out in partnership with others ???

CSR extends to all organisations, public, private, profit making and not for profit. CSR can take a number of forms; ??? Community involvement Socially responsible investments, include ethical banking and refusal by pension to invest in companies making for example armaments (weapons for war) or cigarettes ??? Corporate governance, concerned with the behaviour of a company towards it's shareholders including elements like the appointment of NEDs ??? Fair trade ??? buying goods produced by suppliers who are organic, or non employers of children or not based in human rights abusing countries like Burma ??? Sustainability ??? acting in such a way as to assist the long term survival of the planet. Sustainability Sustainability is about our responsibility to the ultimate stakeholder ??? our own future and the future of the planet.

Sustainability development is ' development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (Fisher and Lovell 2006) Sustainability must be based on needs not wants. We have the problem if global warning and the associated climate change; the result of the excess of greenhouse gases particularly carbon dioxide in the atmosphere. Sustainability concerns us all, organisations and individuals alike. At an individual level is as basic as composting our garden waste and turning off our TV's at night. At an organisational level it is about energy conservation and wastage etc. CSR, Sustainability and HR Carroll (1979) identifies 4 philosophies of organisational responsiveness.

Reaction: The Company denies all responsibility of social issues, claiming that they are the responsibility of government (the Friedman approach)

Defence: The Company accepts responsibility but fights it, doing the least

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that seems to be required (the tobacco industry) Accommodation: The Company accepts responsibility and does what is expected of it (most major companies in the UK) Proaction: The Company does more than is expected (Body Shop, Co-Op Bank etc) Who should be responsible for directing the organisations policy on ethics and CSR? 3 contenders ??? Marketing/PR, The Company Secretary and HR. The role of HR in ethics / CSR ??? Helping to identify the values of the organisation ??? Drawing up a code of ethics Behaving ethically in its own relationships with a key stakeholder, the organisations own staff (psychological contract) ??? Managing the culture of the organisation ??? Development ??? staff must be trained on what this will mean and the part they will play in it ??? Maintaining the employer brand ??? recruitment and retention advantages This could also involve an environmental policy which could include: ??? Energy minimisation ??? turning off lights and computers overnight, lowering central heating. And use of video conferencing rather than face to face meetings ??? Transport Policy ??? choosing less polluting company cars, subsidised parking for staff who car share.

Public transport loans or subsidies etc ??? Flexible working and home working ??? flexible working can enable staff to avoid rush hour congestion, saving on energy etc CSR and the Government The government has 2 main roles in CSR. The government is itself a major employer and a major purchaser and supplier of services. In this role the government can and should behave ethically just like any other organisation. The Bottom Line Does CSR and ethical behaviour increase a company's profits? Research suggests that it does, People want businesses to be more responsible and will not trust

business leaders. Responsible behaviour also affects peoples purchases; people want organisations to be ethical with a high degree of social responsibility.