



BA 291 – BUSINESS ETHICS AND SOCIAL RESPONSIBILITY

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Test your ethics

2

What would you do?

- A runaway trolley is heading down the tracks toward 5 unsuspecting people. You're standing near a switch that will divert the trolley onto a siding, but there is a single workman on the siding who cannot be warned in time to escape and will almost certainly be killed. Would you throw the switch?
- What if the workman is standing on a bridge over the tracks and you have to push him off the bridge to stop the trolley with his body in order to save the five unsuspecting people? Would you push a man, even though he will almost certainly be killed?



Test your ethics

3

You are riding a car driven by a close friend. He hits a pedestrian. You know he was going at least 35 miles per hour in an area of the city where the maximum allowed speed is 20 miles per hour. There were no witness.

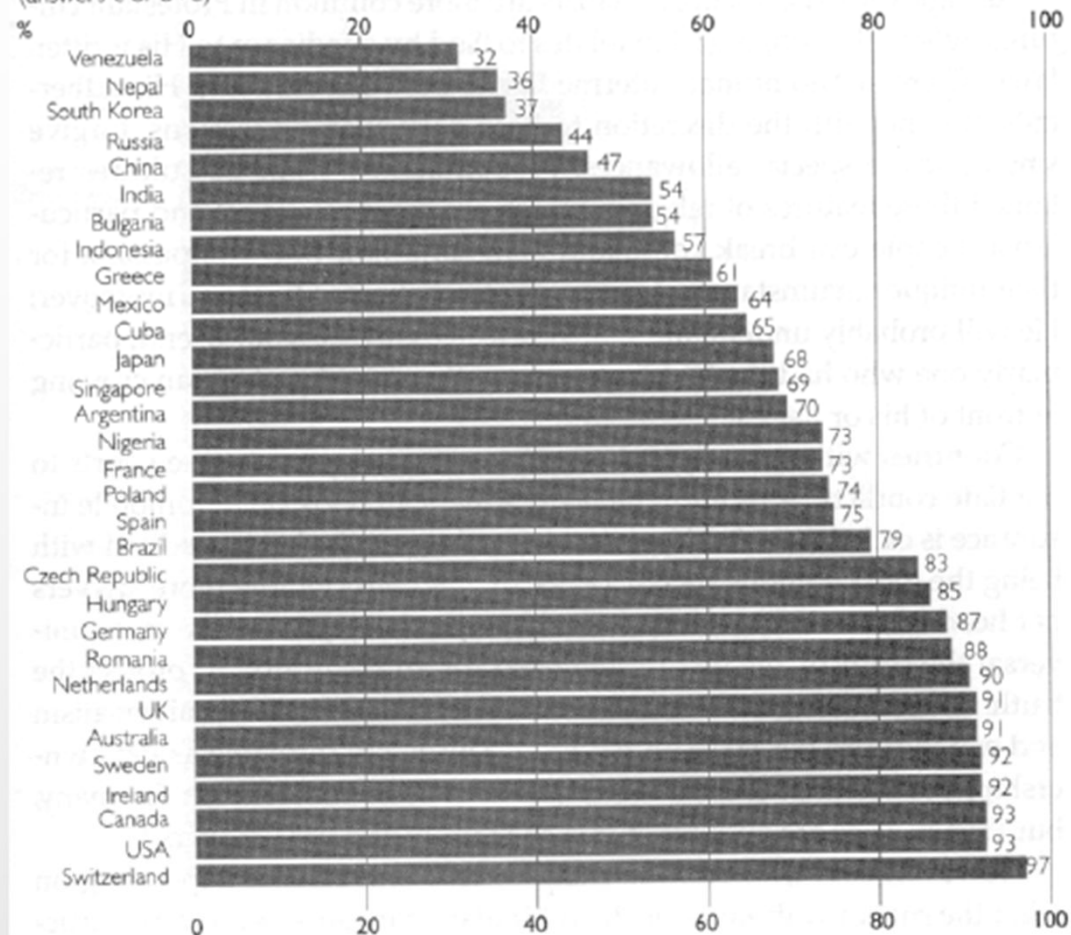
His lawyer says that if you testify under oath that he was only driving 20 miles per hour it may save him from a serious consequences.

What do you think you would do....**testify or not testify?**



Figure 4.1 **The car and the pedestrian**

Percentage of respondents opting for a universalist system rather than a particular social group
(answers c or b+e)



Ethics is concerned with what is good for individuals and society and is also described as moral philosophy

Ethics covers the following dilemmas:

- how to live a good life
- our rights and responsibilities
- the language of right and wrong
- moral decisions - what is good and bad?

The concepts of ethics have been derived from religions, philosophies and cultures

Law refers to a system of rules and guidelines, usually enforced through a set of institutions.

Laws are the forcible means by which a government achieves its goals. Laws contain sanctions for those who do not obey. Subsidies, fines, and imprisonment are examples of mechanisms that may be used as the forcible sanction of a law



Different between law and ethics

7

- Ethics are rules of conduct. Laws are rules developed by governments in order to provide balance in society and protection to its citizens
- Ethics comes from people's awareness of what is right and wrong. Laws are enforced by governments to its people
- A law is something you must obey. Ethics is how society expects you to behave
- Laws carry with them a punishment for violations , ethics does not
- Ethics comes from within a person's moral sense and desire to preserve his self respect, laws does not
- People obey the laws in order to avoid the consequences, people behave ethically because they believe, it is a good way to do so.

Many people believe that if you are not breaking the law, then you are behaving in an ethical manner.

Are they right?

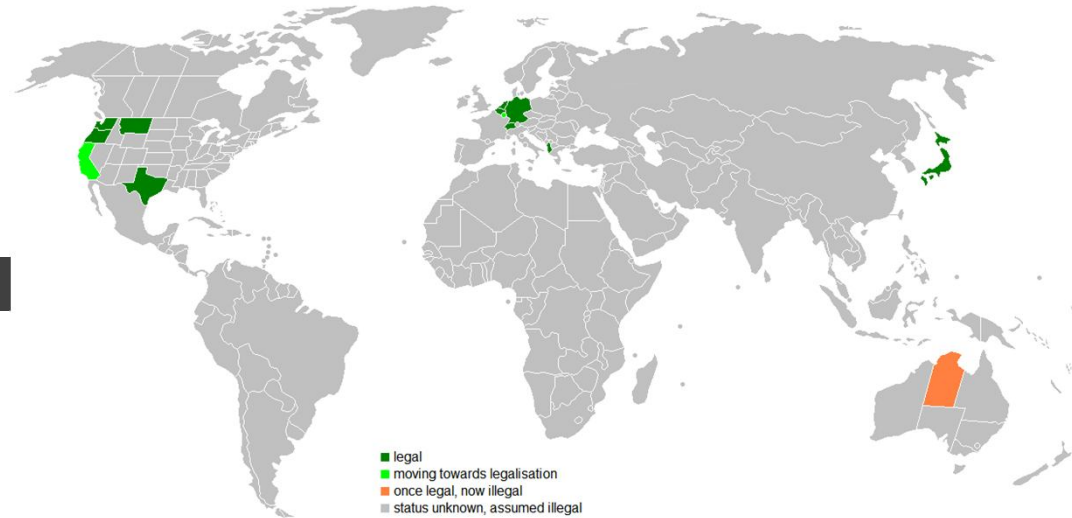


In some instances, law and ethics overlap and what is perceived as unethical is also illegal. In other situations, they do not overlap.



Euthanasia (Mercy Killing)

10



You are in: **Health**

Monday, 29 April, 2002, 12:31 GMT 13:31 UK

British woman denied right to die



Diane Pretty took her case to Europe in March

A terminally ill British woman has lost her final legal bid to be allowed to die.

The European Court of Human Rights ruled on 29 April that the refusal of the British courts to allow Diane Pretty's husband to help her to die did not contravene her human rights.

The ruling marks the end of the legal road for 43-year-old Mrs Pretty, who is in the advanced stages of motor neurone disease.

The verdict came just hours before it was announced that another woman - known as Miss B - had died after she had won her right to have medical treatment withdrawn.

“
**The law has taken all
my rights away**
”

Diane Pretty

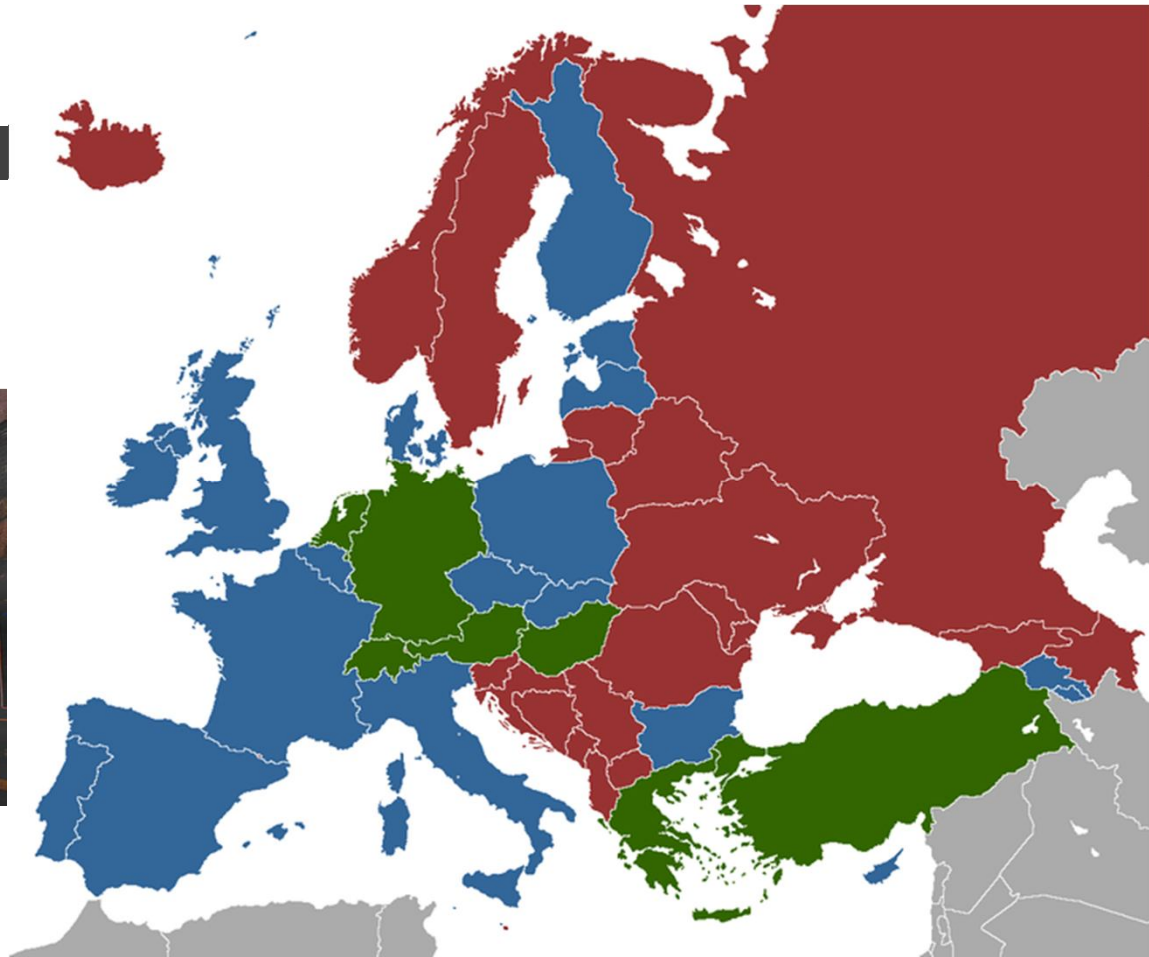
Speaking at a news conference in London, Mrs Pretty's husband Brian criticised the ruling in her case and urged the public to back a campaign to lobby the government to change the law to allow voluntary euthanasia.

Mrs Pretty, who is paralysed from the neck down, also criticised the verdict. Speaking with the aid of a computer, she said: "The law has taken all my rights away."

Mr Pretty told journalists: "I am pleased in one respect because I have my wife with me a little longer but I am very sad because her choice on when she should die has been taken away from her."

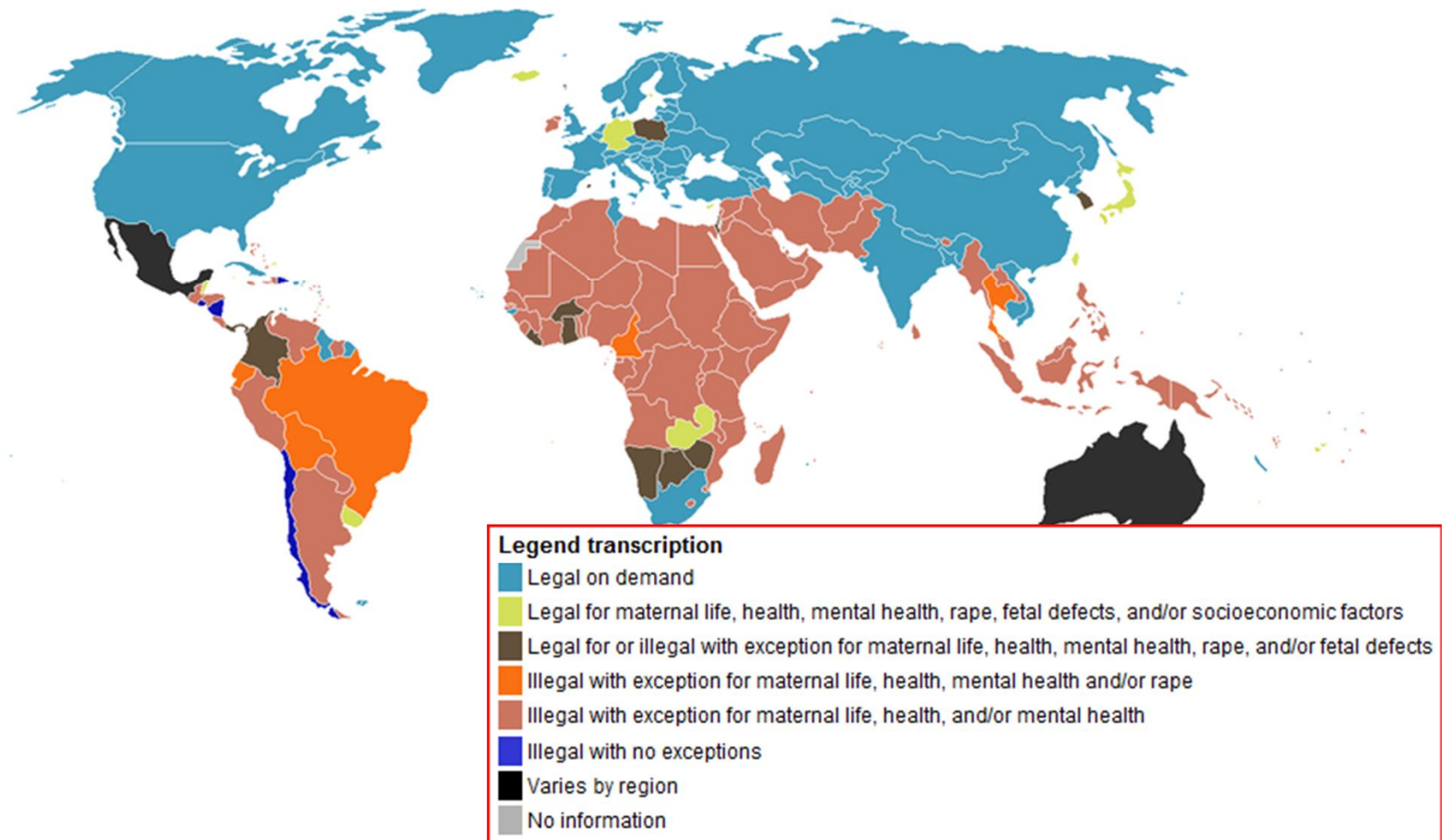
Prostitute

11



Abortion

12



Smoking

13



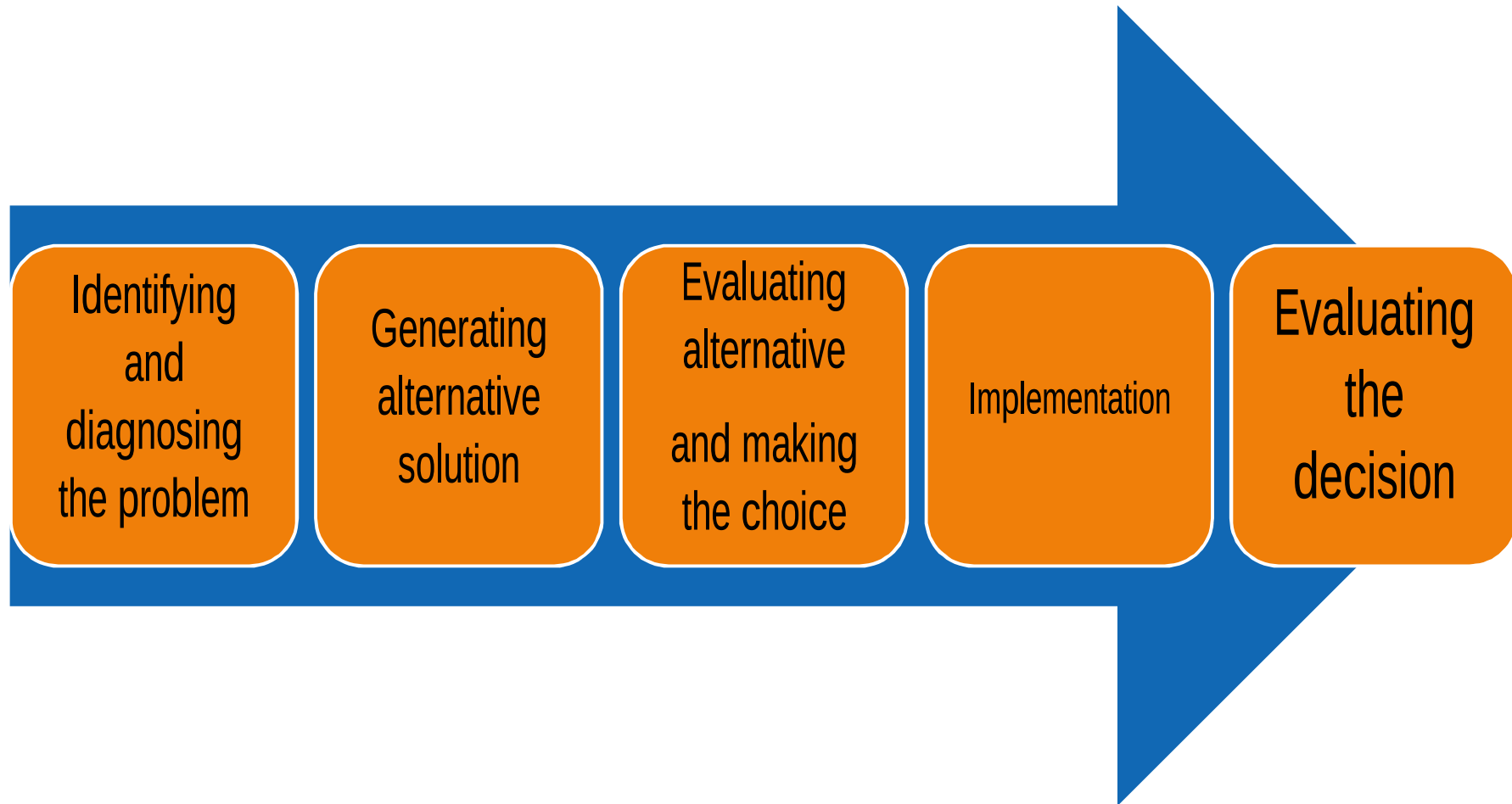
Peddler





Decision making process

16



Factors influenced decision making

17

- Benefits
- Cost
- Timeliness
- Acceptability

Cost-Benefit Analysis



What about ethical soundness?

“Managers face a variety of difficult situations”

- ❑ An **ethical dilemma** is a situation that arises when all alternative choices or behaviors are deemed undesirable because of potentially negative consequences, making it difficult to distinguish right from wrong.
- ❑ **Conflict of interest** occurs when an individual or organization is involved in multiple interests, one of which could possibly corrupt the motivation for an act in the other.



The Enron scandal



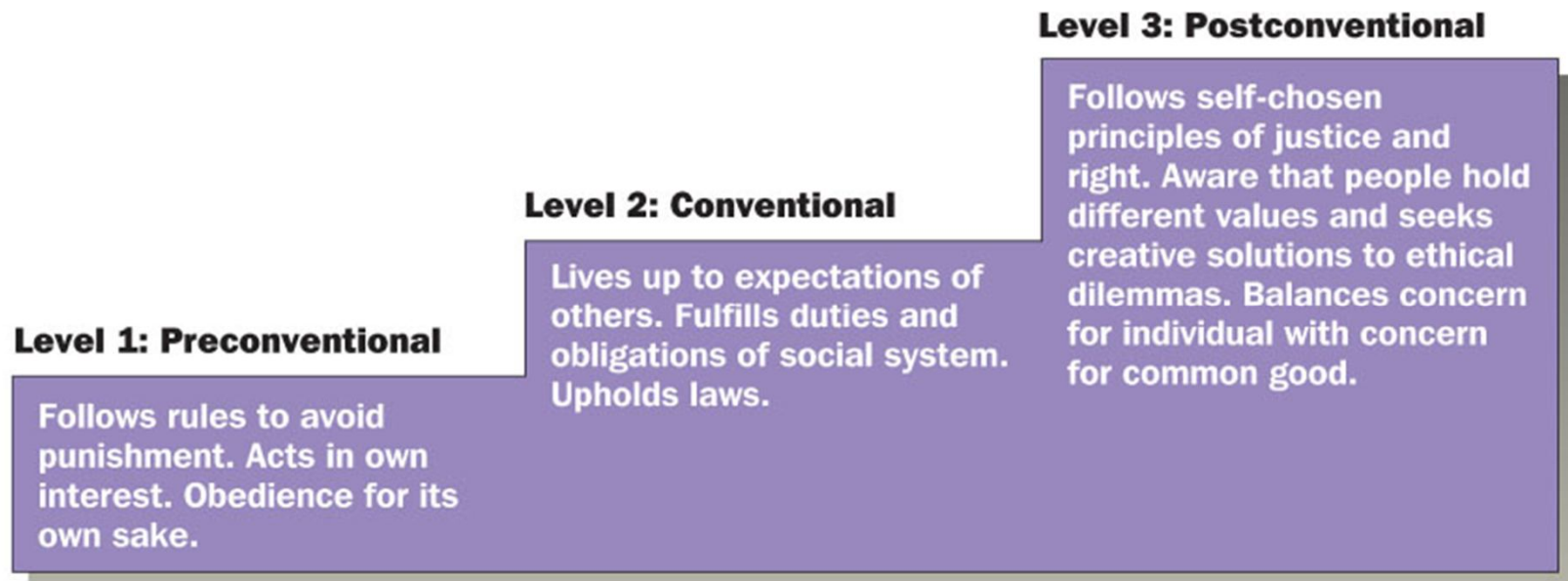
Enron Corporation is an energy trading, natural gas, and electric utilities company based in Texas. In just 15 years, Enron grew from nowhere to be America's seventh largest company, employing 21,000 staff in more than 40 countries.

Enron lied about its profits and stands accused of a range of shady dealings, including concealing debts so they didn't show up in the company's accounts.

As the depth of the deception unfolded, investors and creditors retreated, forcing the firm into Chapter 11 bankruptcy in December.

Levels of personal moral development

20



Social Responsibility

21

- **Social responsibility**– business's obligation to maximize its positive impact and minimize its negative impact on society



Corporate Social Responsibility

22

CSR – A concept whereby companies integrate social and environment concern in their business operations and in their interaction with their stakeholders on a voluntary basis.



Benefits from CSR

23

- ❑ **Win new business**
- ❑ Increase customer retention
- ❑ Develop and **enhance relationships** with customers, suppliers and networks
- ❑ Attract, retain and maintain a **happy workforce** and be an **Employer of Choice**
- ❑ **Save money** on energy and operating costs and manage risk
- ❑ **Differentiate yourself from your competitors**
- ❑ **Generate innovation** and learning and **enhance your influence**
- ❑ **Improve your business reputation** and standing
- ❑ Provide **access to investment** and **funding opportunities**
- ❑ Generate **positive publicity** and media opportunities due to media interest in ethical business activities

Benefits from CSR

24

“88% of consumers said they were more likely to buy from a company that supports and engages in activities to improve society”

(UK Small Business Consortium)

“2,215 workers around the globe, found that employees are more likely to be “proud” of their company if it’s engaged in good corporate behavior”

“Employees are more likely to decide to work for companies that are environmentally responsible”

“Employees are more likely to accept lower pay or a small role in an organization with sound corporate reputation”

(KelleyServices, 2010)

Responsibilities to the General Public

25

- **Public Health Issues.** What to do about inherently dangerous products such as alcohol, tobacco, vaccines, and steroids.
- **Protecting the Environment.** Using resources efficiently, minimizing pollution.
- **Recycling.** Reprocessing used materials for reuse.
- **Developing the Quality of the Workforce.** Enhancing quality of the overall workforce through education and diversity initiatives.
- **Corporate Philanthropy.** Cash contributions, donations of equipment and products, and supporting the volunteer efforts of company employees.

Responsibilities to Customers

26

- ***The Right to Be Safe.*** Safe operation of products, avoiding product liability.
- ***The Right to Be Informed.*** Avoiding false or misleading advertising and providing effective customer service.
- ***The Right to Choose.*** Ability of consumers to choose the products and services they want.
- ***The Right to Be Heard.*** Ability of consumers to express legitimate complaints to the appropriate parties.

Responsibilities to Employees

27

- **Workplace Safety**
- **Quality-of-Life Issues.** Balancing work and family through flexible work schedules
- **Ensuring Equal Opportunity on the Job**
- **Sexual Harassment and Sexism:** Avoiding unwelcome actions of a sexual nature; equal pay for equal work without regard to gender.
- *Adequate compensation*
- *Fair treatment*



Responsibilities to Investors

28

- Obligation to make profits for shareholders.
- Expectation of ethical and moral behavior.
- Investors protected

Responsibilities to Environment

29

- *Animal Rights*
- *Pollution*
- *Going Green*



CSR approach

