**Ethics and Social Responsibility Notes**

**Ethics in Business**

* ETHICS: a set or moral principles or values that govern behavior.
* Businesses develop ethics to help them determine how to behave. These ethics reflect a company’s beliefs about what actions are appropriate and fair among people.

**Code of Ethics**

* A document that outlines the principles of conduct to be used in making decisions within the organization.

**Content of Ethical Codes**

* Honesty
* Adherence to the law
* Product safety and quality
* Health and safety in the workplace
* Conflicts of interest
* Employment practice
* Selling and marketing practices
* Financial reporting
* Pricing, billing and contracting
* Trading in securities/using confidential info
* Acquiring and using info about competitors
* Security
* Payments to obtain business
* Political activities
* Protection of the Environment

Do you think a teacher’s code of ethics is different than a police officer’s? Why? Jot down your ideas below.

**Content Continued…**

* Merely establishing a code of ethics does not prevent unethical behavior.
* To be effective, codes of ethics must be enforced.
  + It is very important that companies discipline employees who violate their codes of ethics.

**Behaving Ethically**

* Businesspeople regularly make ethical decisions. These decisions have very important consequences for both individuals and their companies.
* Behaving unethically can hurt, or even end, a businessperson’s career.
* It can cause a business to lose millions of dollars or even go out of business!
* Behaving ethically helps employees gain the trust of the people with whom they work or even their customers, suppliers, etc.
* Some situations that cause a break in the code of ethics when dealing with honesty is:
  + Employee Theft
  + Lying about Hours Worked
  + Falsifying Records

**Dealing With Ethical Dilemmas**

* Ethical Dilemmas: are situations which the ethical course of action is not clear.
* Ethical Dilemmas arise regularly in the business world.

What is a scenario that you think would be an ethical dilemma in the workplace? Jot your idea down below.

**Continued…**

A way to approach ethical dilemma is to answer a series of questions like these:

1. Have you defined the problem accurately?

2. How would you define the problem if you stood on the other side of the fence?

3. Whom could your decision or action injure? Can you discuss the problem with the affected parties before you make your decision?

4. Are you confident that your position will be as valid over a long period of time as it seems now?

5. Could you disclose without qualm your decision or action to your boss, your CEO, the board of directors, your family, and society as a whole?

**Ethical Standards and Culture**

* Standards of business ethics differ around the world.
  + This means that business practices that are acceptable in one country may be considered unethical in others.
* Business managers working in other countries must be aware of these different ethical standards.
* Corporate Gift Giving
  + Depends on culture, country, etc.
  + government officials are not allowed to accept expensive gifts from businesses\
* Intellectual Property
  + Refers to ownership of ideas, such as inventions, books, movies, and computer programs.

**Social Responsibility**

* Social Responsibility: Refers to the obligation that individuals or businesses have to help solve social problems.
* Views toward social responsibility evolved through three distinct schools of thought:
  + - Profit maximization
      * In the 19th century and early 20th century, businesses believed their role was simply to maximize profit
    - Trusteeship management
      * In the 1920s and 1930s, businesses recognized they had obligations to their employees, their customers and their creditors.
    - Social involvement
      * During the 1960s, they began to believe that corporations should use their influence and financial resources to address social problems.

**Stakeholders**

* Include a company’s employees, customers, supplier and the community!

**Measuring Social Responsibility**

* To measure how socially responsible a company is, some managers perform social audits.
* Social Audit: is a review of a business’s social responsiveness
  + - Measured through the following three ways.

**Philanthropy and Volunteerism**

* Efforts to improve human welfare
* Companies grant paid time off to employees to participate in charitable events:
  + - Donate blood
    - Food and clothing drives
    - United Way
* Matching Funds

**Environmental Awareness**

* Limiting the damage their operations cause to the environment
* Establishing policies that reduce pollution
* Encourage car pooling
* Using biodegradable products and refillable containers

**Sensitivity to Diversity and Quality of Work Life**

* One of the most important ways a company can demonstrate its sense of social responsibility is through
* Maintain ethnically diverse workforces that reflect the societies in which they operate
* Adopt policies that contribute to the quality of life of their workers:
  + - * Flexible work hours
      * Onsite daycare