



BUSINESS ETHICS AND CORPORATE GOVERNANCE COURSE Code: 4T1

Unit IV

PROGRAMME EDUCATIONAL OBJECTIVES: PEO

- Will be recognized as a creative and an enterprising team leader.
- Will be a flexible, adaptable and an ethical individual.
- Will have a holistic approach to problem solving in the dynamic business environment.

Course Objectives Of BECG

- CO1
- Student learner should be able to contrast the underlying theory of Ethics that is governing the organization under study.
- CO2
- Student learner should be able to design a Code of Ethics for professional behavior within an organization.
- CO3
- Student learner should be able to identify the possible ethical concerns which may be faced by an organization in given situation.

Course Objectives Of HROB

- CO4
- Student learner should be able to analyze a given situation and assess the negative impact it may have on society.
- CO5
- Student learner should be able to identify the various issues that may arise in the domains of Marketing, Finance, HRM, and Environment in a given organization/situation and suggest corrective action

Corporate social Responsibility

Unit IV

On-the-Job Ethical Dilemmas

Common Business Ethical Challenges



Situation in which a business decision may be influenced for personal gain.

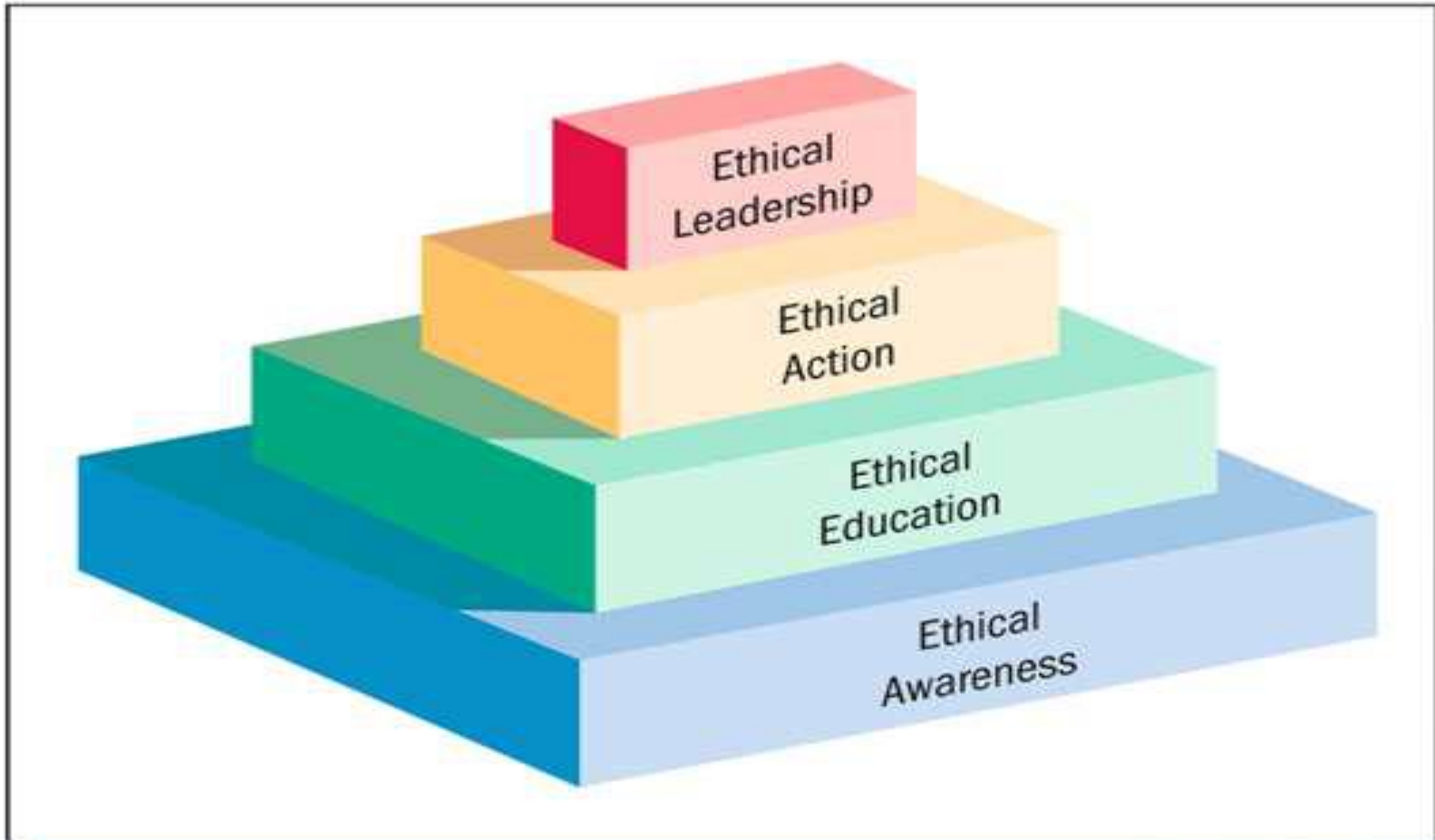
Employee's disclosure of illegal, immoral, or unethical practices in the organization.

Telling the truth and adhering to deeply felt ethical principles in business decisions.

Businesspeople expect employees to be loyal and truthful, but ethical conflicts may arise.

How Organizations Shape Ethical Conduct

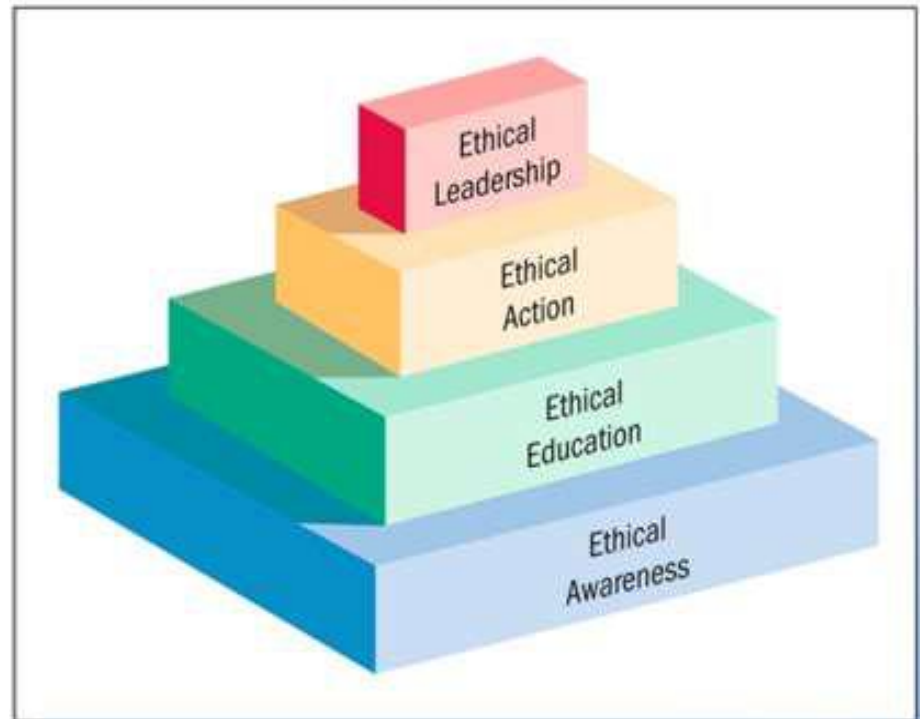
Structure of an Ethical Environment



Ethical Awareness

Code of Conduct Formal statement that defines how the organization expects and requires employees to resolve ethical questions.

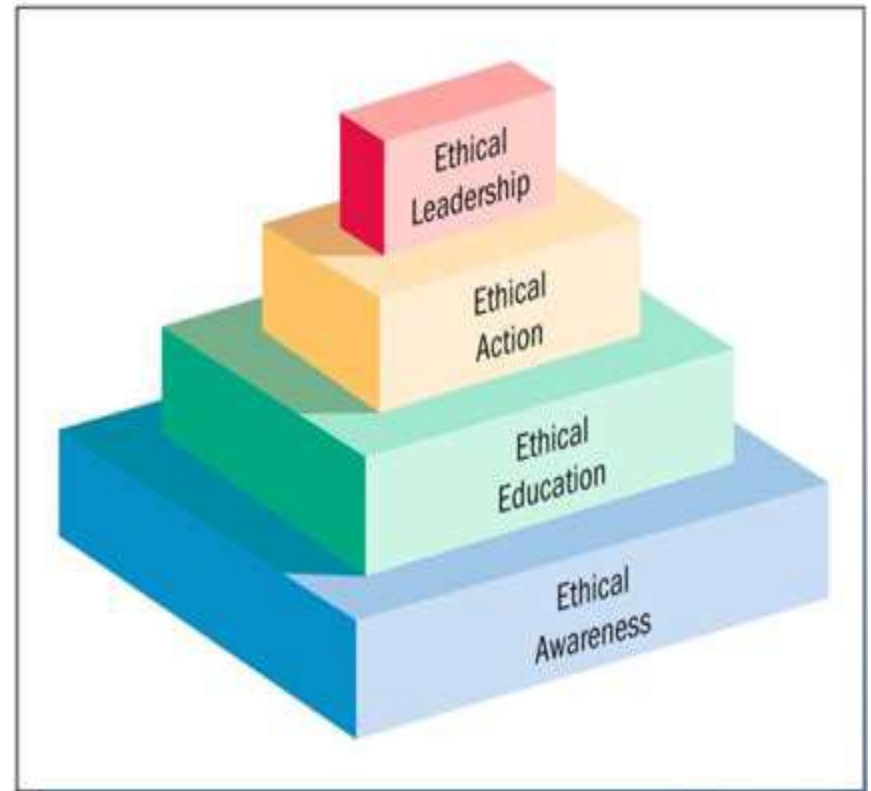
Structure of an Ethical Environment



Ethical Education

Codes of conduct cannot detail a solution for every ethical situation, so corporations provide training in ethical reasoning.

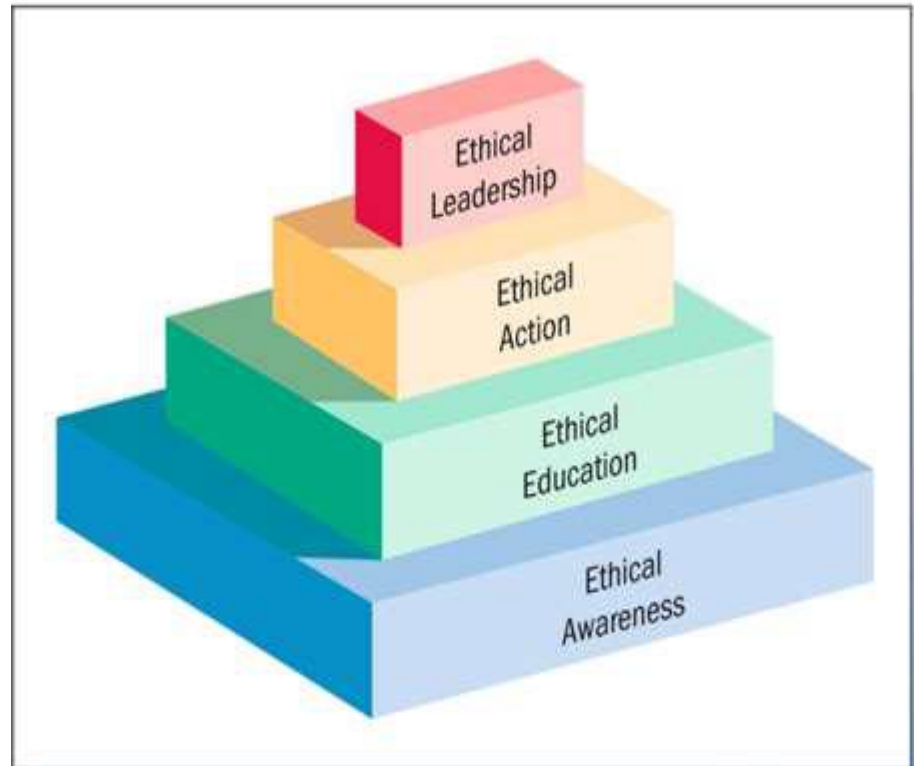
Structure of an Ethical Environment



Ethical Action

Helping employees recognize and reason through ethical problems and turning them into ethical actions.

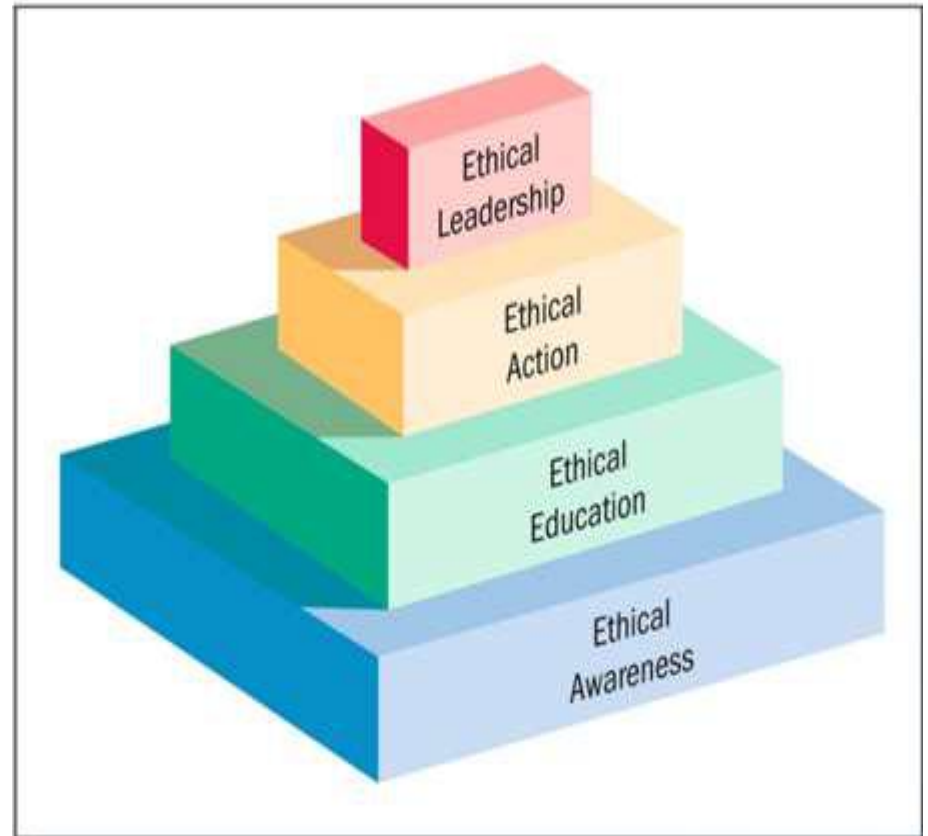
Structure of an Ethical Environment



Ethical Leadership

Executives must demonstrate ethical behavior in their actions.

Structure of an Ethical Environment



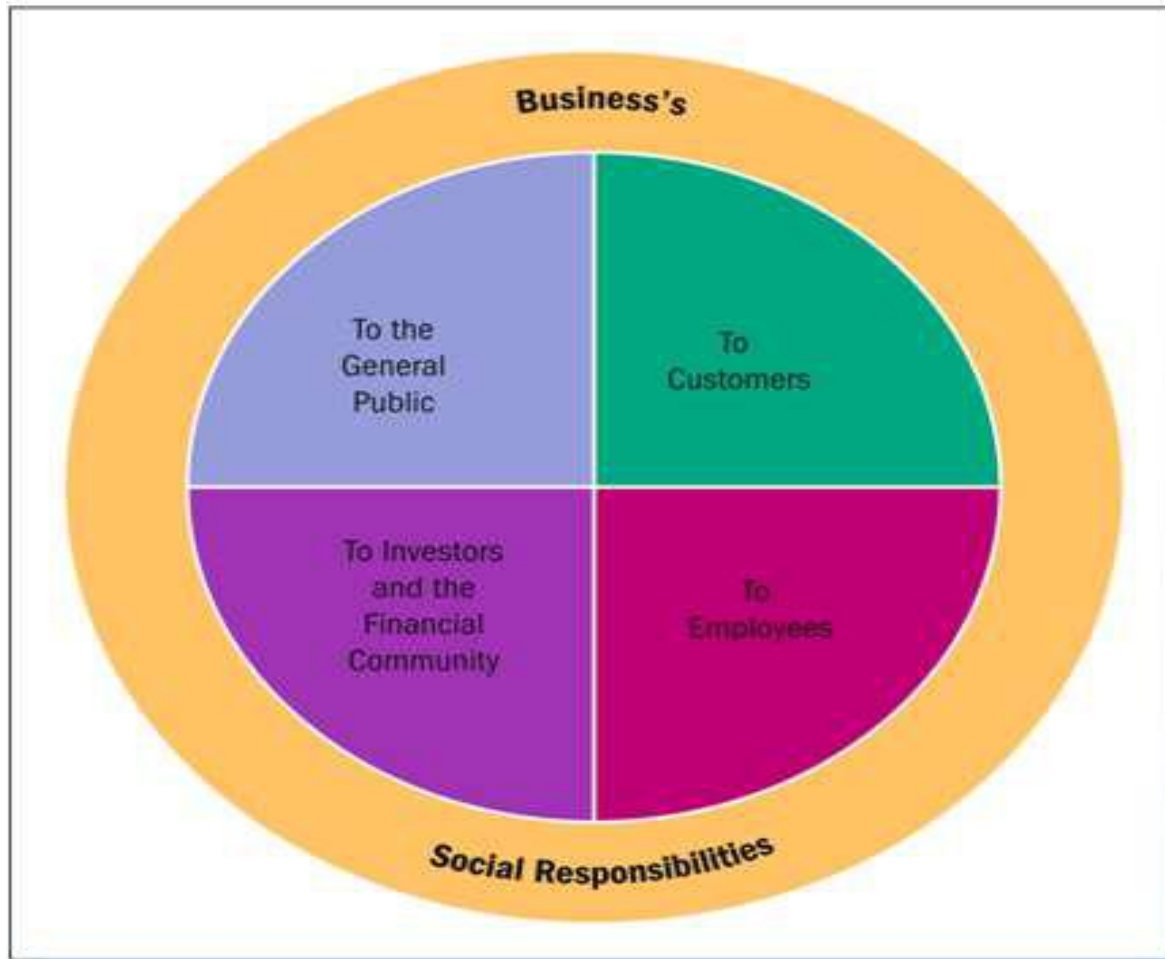
Acting Responsibly to Satisfy Society

Social Responsibility

- Management's consideration of *profit*, *consumer satisfaction*, and *societal well-being* of equal value in evaluating the firm's performance.
- Contributions to the overall economy, *job opportunities*, and *charitable contributions* and *service*.
- Organizations measure through *social audits*.

Areas of Responsibility

Business's Social Responsibilities



Responsibilities to the General Public

- **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

- ***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

- **Workplace Safety.** Monitored by [Occupational Safety and Health Administration](#).
- **Quality-of-Life Issues.** Balancing work and family through flexible work schedules, subsidized child care, and regulation such as [the Family and Medical Leave Act](#) of 1993.
- **Ensuring Equal Opportunity on the Job.** Providing equal opportunities to all employees without discrimination; many aspects regulated by law.
- **Age Discrimination.** [Age Discrimination in Employment Act](#) of 1968 protects workers age 40 or older.
- **Sexual Harassment and Sexism.** Avoiding unwelcome actions of a sexual nature; equal pay for equal work without regard to gender.

Responsibilities to Investors

- Obligation to make profits for shareholders.
- Expectation of ethical and moral behavior.
- Investors protected by regulation by the [Securities and Exchange Commission](#) and state regulations.

Social Responsibility

Way a company views its duty or obligation to make decisions that protect, enhance, and promote the welfare and well-being of stakeholders and society as a whole

Approaches to Social Responsibility



Approaches to Social Responsibility

Obstructionist approach – Companies choose not to behave in a social responsible way and behave unethically and illegality

Approaches to Social Responsibility

Defensive approach – companies and managers stay within the law and abide strictly with legal requirements but make no attempt to exercise social responsibility

Approaches to Social Responsibility

Accommodative approach – Companies behave legally and ethically and try to balance the interests of different stakeholders against one another so that the claims of stockholders are seen in relation to the claims of other stakeholders

Approaches to Social Responsibility

Proactive approach –

Companies actively embrace socially responsible behavior, going out of their way to learn about the needs of different stakeholder groups and utilizing organizational resources to promote the interests of all stakeholders

References

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