

GLOSSARY

Accounting is the process of collecting, recording and assessing information on organizational performance.

Agency problem the idea that someone entrusted with an asset will act with less concern than the person who owns the asset.

Anglo-Saxon model of governance the approach to governing organizations based on the pre-eminence of the interests of the shareholders

Assurance refers to the internal or external verification of corporate statements.

Auditing is an independent review of a statement made by an organization.

Barriers to trade are any policies or practices that obstruct free trade. Quality standards, for example, can be seen as a barrier to trade, but tariffs and import quotas are seen as more typical barriers to trade.

Bluwash refers to the use of the United Nations logo in corporate communications without a genuine commitment to the values promoted by the organization.

Bottom of the pyramid is the bottom quartile of the economic pyramid that categorizes world population by income.

BRIC economies the currently fastest growing developing countries – Brazil, Russia, India, China

Cadbury report a report on governance in the UK published in the early 1990s, amongst whose recommendations include that Chief Executive Officers should be a distinct role from that of Management Director.

Categorical imperative the Kantian idea that something is morally right to do whatever the circumstances, and whatever your interest or situation.

CEA Cercle Ethique des Affaires (France).

Certification refers to the confirmation of certain characteristics that goods or services have.

A charitable organization uses any resources including possible profits or surplus for benevolent goals.

Child labour refers to the employment of children below a certain age in work that is harmful for their dignity, future potential, or health. Minimum age levels vary by country.

Chinese walls the metaphor expressing how a company that deals with a client with two different services (e.g. as an accountant and as an auditor) can manage the potential conflict of interest involved.

Civil and political rights ensure that an individual can freely participate to civil and political life. They include the freedom of thought and conscience.

Civil society refers to voluntary activity outside the economic and political structures of society.

Codes of conduct are voluntary commitments that guide organizational policy and behaviour.

Commodity is a product that is sold without negligible qualitative difference. Crude oil, copper, salt and coffee beans are examples of commodities.

Competitive position refers to the characteristics of a company and its products in relation to competitors.

Consequentialism the philosophical idea that an action's moral rightness or wrongness is established solely by reference to its actual or supposed outcomes.

Co-operative an organization owned by its users and people who work for it.

Co-ordinated economy a national economy where the interests of the key different parties – mainly capital and labour – are well integrated and thus rarely in direct conflict: often applied specifically to Scandinavian countries.

Corporate governance the process by which an organization may be run at the very top.

Corporate social performance refers to the assessment of corporate activity against some social and environmental criteria.

Creative Commons an approach to intellectual property that seeks to ensure that those who originate ideas or technologies are recognized as such, without leading to the excessive ownership regime of standard copyright constrictions.

Code of ethics a document that sets out the moral expectations and procedures in an organization, with a view to encouraging or directing more morally right action.

Critical theory the range of theories that are based on the idea that probing of the social presuppositions of a concept can be a liberating process.

CSO Civil society organizations

'Deep', dark' 'light' 'bright' green a scale of philosophical approaches to environmental protection and support

Deontology the philosophical idea that an action's moral rightness or wrongness is based, not on its consequences, but on the nature of the action or on its motive.

Discourse ethics the idea that ethics should be based on processes of dialogue between different parties.

Dual board system of governance where as well as a board of directors, there is a second board that represents interests other than shareholders – usually the employees, but in some versions other stakeholders may also be included.

EOCA the Ethics and Compliance Officer Association (USA).

Ecological footprint a way of measuring the impact of an organization on the environment by presenting the total impact in a single representative value.

Economic and social rights ensure that an individual is able to life a dignified life. They include right to food and right to health.

Economic sanctions are penalties that are applied by a country or a group of countries to discourage unwanted behaviour. Typical sanctions include embargos and freezing of governmental or individual assets.

Egoism in ethics the idea that morality for any individual is to be understood in terms of the interests of that individual.

EMAS the European Eco-Management and Audit Scheme.

Emissions trading a system where each country has a set amount of permitted environmental pollution – if this is exceeded, a country may purchase unused permission from other countries; usually the direction of trade is for poorer countries to sell unused permission to richer, higher polluting countries.

Environmental auditing the process of identifying all the intakes of resource and outputs of pollution of an organization, by analogy with financial audits.

Environmental impact assessment a method of measuring environmental performance by evaluating the total impacts of a company.

Environmental ‘triage’ the idea that environmental damage such as species extinction be dealt with on an analogy with hospital emergency admissions, where the cases with the best chance of survival will be given priority over the more injured cases, where survival chances are lower.

Ethics committee a committee in an organization, usually of substantial seniority, that manages the ethics of that organization.

Ethics officer an employee of a firm whose job role is to manage and enhance the ethical soundness of the firm’s activities; often reports to an ethics committee.

Extraterritorial jurisdiction refers to the application of laws beyond national borders.

Fair trade refers to trade that seeks to improve the situation of low-income farmers and workers in developing countries.

Forced labour refers to work that a person is not free to leave because of threat of destitution, violence or other extreme hardship.

Free trade refers to absence of government interference in economic transactions.

FTSE4Good is a list of companies that meet certain social and environmental standards. It is jointly owned by the Financial Times and the London Stock Exchange.

Gaia hypothesis the idea that the earth is a single integrated organic whole.

Gearing, or debt-to-equity ratio the relation between the amount of capital in a company that is based on money brought in by selling shares in a company, as opposed to funds raised by taking out loans (e.g. from banks).

Global Compact is a network of companies that have signed up to respect ten principles relating to human rights and sustainability. The Global Compact was launched by Kofi Annan, former secretary-general of the United Nations and is still linked to the organization.

Greenwashing by analogy with ‘whitewashing’, the practice of some companies to include eco-friendly messages in their marketing communications, when these are not reflective of the reality of how that company deals with the environment.

Groupthink the tendency of a well integrated group of decisionmakers to converge towards agreement to the extent of inhibiting rational argument.

GHGs Greenhouse gases.

Guanxi a Chinese term referring to the importance of personal relationships in business dealings.

Human rights are entitlements held by all human beings irrespective of their characteristics. They embrace basic rights and freedoms including the right to life and freedom of thought.

Humanitarian organizations advance human welfare and well-being.

Hypernorms are fundamental values that are independent of culture and other local variations.

Indirect discrimination a practice that does not explicitly discriminate against specific demographic groups, but the net effect is to unfairly disadvantage members of such groups

Institutional discrimination the net effect of an organization’s policies and practices where these unfairly disadvantage members of a specific demographic group.

ISO 14000 the International Standard on Environmental Management.

Intellectual property ideas, concepts, creative works and other items that are essentially non-material but are owned by a specific organization or individual.

Johannesburg Declaration on Sustainable Development statement of 37 principles agreed at the UN World Summit on Sustainable Development held in Johannesburg September 2002.

- Keiretsu** a Japanese term for conglomerates of firms that are closely integrated by ties of ownership and cross-trading.
- King reports** two influential reports on corporate governance in South Africa in the post-apartheid era which, amongst many things, place significance not only on pure economic goals but also include spiritual and related aims as relevant for business.
- Kyoto Protocol** the agreement signed in Kyoto committing signatories to a raft of emission control practices, including emissions trading; this came into force in the early 2000s.
- Life-cycle assessment** a means of measuring the environmental (and other) performance of an organization by estimating the overall net total of impacts over the full life of the processes measured; commonly used in evaluating building design.
- Managerial capture** refers to the use of external assurance for managerial purposes rather than their original purpose.
- Materiality** is a term relating to social and financial accounting. It refers to the importance of information included in social and financial statements. Information is material if it is likely to affect decision making.
- Natural person** is a legal term referring to a human being rather than a legal person that also includes organizations.
- NIOSH** National Institute of Occupational Safety and Health (Malaysia).
- NGO** non-governmental organization
- Non-executive directors** members of a board of directors who do not have a significant shareholding in the firm, and are recruited in theory to provide independent advice based on a good knowledge and expertise relating to the industry.
- Non-governmental organizations** are independent from governments in the sense that they exclude governments from membership or representation.
- Open Source Initiative** the initiative to produce computer software and systems that are free to the public, thus ensuring the continuing freedom of projects such as the world wide web from too much corporate protectionism.
- OCBE** Organizational Citizenship Behaviour directed towards the Environment.
- Pantouflage** the tendency of some senior civil servants to move directly from their government service to work in industry (France).
- Para-state body (also quango)** an organization that is ultimately owned and thus controlled) by a government, but may operate in a semi-autonomous manner.
- PIDA** Public Interest Disclosure Act (UK).
- Positive and negative rights** positive rights are rights to be able to do or be something, whereas negative rights are the freedom from constraint against doing or being something.
- Philanthropy** refers to efforts to promote human well-being, often through donations to charitable organizations.
- Price level** is an economic term referring to the general level of prices. Price level may be fixed in fair trade arrangements to guarantee a certain level of revenue for low-income producers and workers.
- Principle of precaution** the principle that where there may be substantial threats to the environment, it is safer to cease a practice first and then establish the precise degree of environmental damage that might be involved.
- Principle of double effect** the idea that in some cases, where a greater good is involved, an action that brings about ethically wrong outcomes may be tolerable if the individual does not directly wish those outcomes but they nevertheless are results of the action in question.
- Principle of polluter pays** the idea that the party that creates environmental damage should be the one to pay for whatever clean-up is involved.
- Proportionality** the principle that in an area such as human rights, an organization might in some cases be entitled to violate rights, but only in proportion to the scale of the potential damage to the organization that is thus being averted.
- Race to the bottom** refers to the argument that government deregulation aimed at attracting foreign investment will result in the deterioration of social and economic standards.
- Rawlsianism** the idea that a practice is just if we can tolerate even the worst outcomes of this for us personally.
- Race to the bottom** the tendency for firms to compete to adopt worse and worse practices where this provides some kind of competitive advantage such as reduced cost.
- Rio Declaration** the main statement agreed at the Earth Summit in Rio de Janeiro and comprising 27 principles on the environment.
- Sarbanes-Oxley Act** an act passed in the USA in the 2000s, and imposing several new requirements on companies, in order to reduce the chance of major corporate failures such as Enron.
- Social accounting** is the process of collecting, recording and assessing information on social and environmental performance.
- Social premium** is a payment made in addition to the purchase price of fair trade products. It provides a secure source of income that enables communities to make long-term plans.
- Social responsiveness** refers to the actions that companies take to advance social and environmental goals. It is used in distinction to the normative concept of 'corporate responsibility'.

Stakeholder is an individual or a group of individuals that affect or can be affected by corporate activity.

State-seeking a feature of some minority ethnic groups, who seek to have some form of legitimate governmental structure by which their interests may be expressed and addressed.

Subjectivism in ethics the various approaches to ethics based on the idea that what is right is what I believe to be right.

Subsidiarity the idea that so far as possible, decisions be delegated to the lowest point where there is competence to judge the issues and implement the decision; associated with the view that in the European Union, the precise versions of union-wide principles be formulated at national level rather than at continental.

Supervisory board the second board in a dual system of governance; in some cases called the advisory board as this board tends not to have executive but only advisory capability.

Supply chain is the network of organizations that are needed to produce a certain product or service.

Tragedy of the commons an analogy suggesting that commonly held assets will not be conserved so effectively as those held by a specific body.

Unitarism the idea that a social entity such as a corporation be best seen as a locus of a single agreed set of values.

Unitary board the sole governing body of a corporation under the Anglo-Saxon approach to governance, under the control of the shareholders.

Utilitarianism a version of consequentialism that focuses on the idea that what is right is what produces the best overall outcome – sometimes called the greatest good of the greatest number; in the original form ‘good’ was identified with happiness or even pleasure.

Veil of ignorance test a key step in the Rawlsian argument: what would you choose (e.g. in a system of government) if you did not know what place in society you occupied?

Virtue ethics the idea that ethical rightness is best understood not in terms of the actions themselves but in terms of the character of those who act.

Whistleblowing the practice of making public information about corporate wrongdoing.

Zaibatsu a Japanese term that refers to family-based company networks.