

Review

BEHAVING RESPONSIBLY AROUND THE WORLD



Identify and explain ethical theories relevant to decision making in the international business

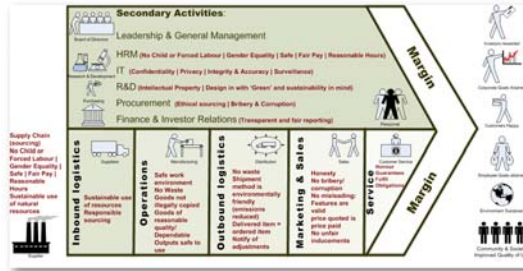
Discuss the important ethical issues and challenges facing the contemporary international organization

Critically evaluate methods used to implement CSR and create an ethical organization

Distinguishing the behaviours seen as desirable in all international employees

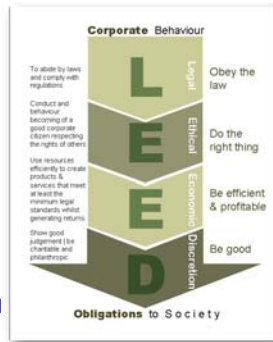
Explain what is meant by corporate social responsibility and the reason organizations pursue CSR strategies

Explain what is meant by stakeholder theory and its relevance to ethical management



Business ethics is concerned with the application of morals to the conduct of businesspeople asking what is "right" or "wrong". When people and organisations adhere to a moral code they are said to have integrity. As integrity is eroded, unethical and illegal behaviour follows. General principles have been proposed to describe what is meant by ethical behaviour. Individuals should keep promises (Fidelity), be fair (Justice), not harm others, put right any wrong caused (reparation), show gratitude to others, and improve the lives of one's self and others (beneficence). Other principles include fiduciary obligations (not putting self-interest above the overall interests of the organisation), reliability (fulfilling promises), transparency (openness and honesty), dignity (respecting others), fairness (not taking bribes or colluding with others), citizenship (respecting the law and the environment), responsiveness and respecting property.

Corporate social responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and the environment in every aspect of their operations and decision-making. Stakeholder theory suggests the role of the organization is to satisfy a wider set of stakeholders, not simply the owners. The theory is used to interpret the function of the corporation, - how things should be, including the identification of moral or philosophical guidelines for the operation and management of corporations. Central to the CSR approach is that the organisation should use resources responsibly and comply with relevant laws and regulations. Four key arguments have been offered to encourage organizations to act in a socially responsible manner:



1. MORAL OBLIGATION - companies have a duty to be good citizens and to "do the right thing"; they should achieve commercial success in ways that honour ethical values and respect people, communities, and the natural environment;
2. SUSTAINABILITY - emphasizes the environment by meeting the needs of the present without compromising the ability of future generations to meet their own needs.
3. LICENSE TO OPERATE - every company needs tacit or explicit permission from governments, communities, and numerous other stakeholders to do business, and
4. REPUTATION - through this argument attempts are made to justify CSR initiatives on the grounds they will improve a company's image, strengthen its brand, boost morale, and even raise the value of its stock.

Organizations may attempt to establish an ethical infrastructure to fulfil CSR by adopting a holistic and integrated, programme approach or may simply chose to focus on individual and specific programme elements (such as implementing a code of conduct or delivering ethical training). Control theory may be used to delineate two types of ethics programme, compliance and values-based programmes.

Key Terms

ETHICS

a branch of philosophy dealing with what is considered to be right and wrong

MORALITY

individual character or personality and beliefs governing right and wrong

UTILITARIANISM

the belief that any action of an individual should be based on providing the greatest good for the greatest number of people

CONTRACTARIANISM

the principle of being fair and that as members of a society we have particular duties and responsibilities

CORPORATE SOCIAL RESPONSIBILITY

"a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on all stakeholders, including the environment"

CODE OF ETHICS

A set of ethical-behaviour rules developed by organizations or by professional societies.

STAKEHOLDER

"Individual, organization or interest which affects the company or is affected by the company."

STAKEHOLDER MANAGEMENT

"attitudes, structures, and practices, taken together to organise relationships with stakeholders"

CORPORATE GOVERNANCE

the system used to control and direct a company's operations

ETHICS PROGRAMME

a series of steps to be carried out in order to achieve ethics goals