

# Learning Objectives

## **Week 1 – Importance of Business Ethics (Chapter 1)**

- Define business ethics from an organizational perspective
- Examine the historical foundations and evolution of business ethics
- Identify the opportunity for and types of ethical misconduct in the workplace and cite examples
- Provide evidence that ethical value systems support business performance
- Understand the tensions between profits and ethical misconduct

## **Week 2 – Stakeholder Relationships, Social Responsibility, and Corporate Governance (Chapter 2)**

- Define stakeholders, identify stakeholder's roles, and what it means to have a stakeholder orientation
- Define social responsibility (SR) and the relationship between SR and stakeholder orientation
- Understand the role of corporate governance in structuring ethics and social responsibility
- List the steps involved in implementing a stakeholder perspective in SR and business ethics

## **Emerging Business Ethics Issues (Chapter 3/6/12)**

- Define ethical issues in the context of organisational ethics
- Examine ethical issues as they relate to values of honesty, fairness and integrity
- Discuss and delineate types of business ethics issues
- Examine the challenges of determining an ethical issue

## **Week 3 - Developing an Effective Ethics Program, and Managing and Controlling IT (Chapters 8/9)**

- Understand the responsibility of the corporation as a moral agent to stakeholders
- Businesses ethics programs:
  - Ethics officer
  - Code of conduct / ethics
  - Ethics audit
- Auditing process
- Need for continuous improvement
- Understand the strategic role of the ethics audit

## **Week 4 – Globalization of Ethical Decision-Making (Chapters 10 & 12)**

- Discuss global values, goals, and business practices within ethics
- Understand the role of capitalism and economics as factors in business ethics
- Assess the role of MNCs/ IMF/ UN/WTO in business ethics
- Explore and discuss common global business practices
- Gain awareness of global ethical issues (see also chapter 12, pg 363-372)

## Week 2 - Stakeholder Relationships, Social Responsibility, and Corporate Governance

### *Define stakeholders, identify stakeholder's roles, and what it means to have a stakeholder orientation*

**Stakeholders:** those who have a stake or claim in some aspect of a company's products, operations, markets, industry and outcomes. Their stakes:

- An investment
- Exposure to risk
- Claim for consideration
- Capacity to benefit or be harmed
- Capacity to influence the firm

**Primary stakeholders:** those whose continued association is absolutely necessary for a firm's survival

- *Employees, customers, investors, governments, and communities*

**Secondary stakeholders:** do not typically engage in transactions with the firm and are not essential to a firm's survival

- *Media, trade associations, and special interest groups*

**Relation between stakeholders and companies:** Goes both ways – stakeholders provide tangible and intangible resources critical to firm's success

**Stakeholder orientation and CSR:** An organization's obligation to maximize its positive impact on stakeholders and minimize its negative impact

- Shareholder versus stakeholder models - profits versus social welfare

### **Stakeholder theory and value to organisations**

#### **Descriptive**

- Focuses on actual behavior, addressing decisions and strategies in stakeholder relationships
- Describes the organization, the way it works, and its impact on the wider environment

#### **Normative**

- Presumption that stakeholders have value (principle in practice – what's best for all)
- Focus on how firms should treat stakeholders

#### **Instrumental**

- Examines stakeholder relationships and describes outcomes for particular behaviors
- Increased profitability, growth, sustainability
- Tests the connections between managing stakeholders and reaching business targets

## **Social Responsibility Issues**

**Social:** Deals with concerns that affect the welfare of our entire society, associated with the common good

**Consumer Protection:** The company has the responsibility of taking precautions to prevent consumer harm

**Sustainability:** Businesses can no longer afford to ignore the natural environment as a stakeholder

**Corporate Governance:** Research shows corporate governance has a strong positive relationship with social responsibility

### **Importance of Stakeholder Orientation in Social Responsibility**

- **Friedman's view** - Stakeholders do not have any role in requiring businesses to demonstrate responsible and ethical behaviour
- **Adam Smith's view** - Values that a firm should adopt to produce in a more socially responsible way correlates with the needs and concerns of the stakeholders
- Legal and economic responsibilities compliance versus being ethical (and philanthropic)

### ***Understand the role of corporate governance in structuring ethics and social responsibility***

**Corporate Governance:** Formal systems of accountability, oversight and control

- **Accountability** – how closely workplace decisions align with firm's strategic decision
- **Oversight** – system of checks and balances to minimize opportunities for misconduct
- **Control** – process of auditing and improving organizational decisions and actions

### **Corporate Governance topics:**

- Enterprise-wide risk management
- Short/long term strategies
- Board composition and structure
- Shareholder relations
- CEO selection, termination and succession

## **Views of Corporate Governance**

**Shareholder model:** founded in classic economic precepts

- Maximizing wealth for investors and owners
- Focuses on developing and improving the formal system for maintaining performance accountability between top management and shareholders

**Stakeholder model:** a broader view of the purposes of business

- Includes satisfying concerns of primary stakeholders including employees, suppliers, regulators, communities and special interest groups

