

BUSM3115 ETHICS & GOVERNANCE REVISION NOTES

ETHICS

- Ethics & business
- Ethics & the law
- Moral, amoral & immoral management
 - Part of ethics education is about raising moral awareness and having employees being more aware of the decisions around them that have impacts on people.
 - Businesses fundamentally have ethical issues involved with them because most of the decisions that's businesses take impact on other people.

Case – not so great Gatsby

NORMATIVE ETHICS

Teleological theories

1. Utilitarianism Deontological theories

2. Kantianism

3. Justice

4. Virtue ethics

Case - Guidant

PSYCHOLOGICAL ETHICS

- Cognitive Moral Development
- Ethical decision making
- Moral awareness
- Moral intensity
- Moral approbation
- Making good ethical decisions out of you've learnt

Notes:

- be able to analyse how people develop their sense of morality
- People look up and they look around → the role of leaders is extremely important
- Leaders effect ethics in organisations through:
 - making decisions their behaviour
 - they are role models
 - they decide who gets hired, they decide who gets promoted and rewarded
 - they decide what kind of policies are implemented
 - they decide what and with whom its communicated)
- Leaders and managers shape the ethics of an organisation
- The impact of leadership is very important

- Cognitive Moral Development
- Ethical decision making
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- Moral approbation
- Making good ethical decisions out of you've learn

Case – hiring decision

THE ETHICAL ORGANISATION

Environment → behaviour → person

- ❖ Behaviour is a study of both the person and the environment

Added notes:

The work context

Organisational culture

Ethical formal and informal cultural systems

Ethics codes

Ethical leadership

The relationship between leadership, culture, ethics codes and behaviour

Case – codes

CORPORATE SOCIAL RESPONSIBILITY

- Core characteristics of CSR
- Corporate social responsibility perspectives

Classical view (Milton Friedman)

- CSR is about the pursuit of profit
- Society benefits from an invisible hand
- Managers who choose to do social responsibility are either ripping off the shareholders – the company is poorly governed allowing them to do this or they are being selfish and incompetent
- What are a corporation's "social responsibilities?" Milton Friedman's well-known response is: "a corporation's responsibility is to make as much money for the stockholders as possible."
- Classical perspective:
 - Economic behaviour different from other behaviours – separation thesis.
 - Different criteria of effective business performance.
 - Primary goal and motivation of business is profit.
 - Friedman's (1970) arguments against CSR:
 - Business executives do not have the right to further social interests by spending shareholders', customers' or employees' money
 - 'Only people can have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but "business" as a whole cannot be said to have responsibilities'
 - Business executives have the responsibility to conduct the business in accordance with the desires of the owners of the business ...make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom

Contemporary view (Carroll; Schwartz & Carroll)

Three main models of CSR:

1. The pyramid of CSR: four levels of CSR (A. B. Carroll, 1979):

- **Economic responsibility**
 - Business produces goods and services, while making an acceptable profit. Without financial viability other responsibilities are dubious.
- **Legal responsibility**
 - Business expected to carry out its work lawfully. 'The law is at the floor of acceptable behaviour'
 - The law reflects minimum standards of behaviour
 - Laws are not always up to date
 - Laws may not address all relevant social issues
 - Laws may lag behind ethical thinking
- **Ethical responsibility**
 - Ethics go beyond legal code to include behaviour morally acceptable to stakeholders.
 - Business ethics is concerned with 'knowing ethics' and 'doing ethics'

