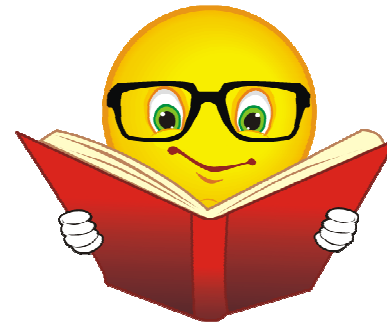


Should organisations be expected to be Ethical?

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Literature Review



Why look at the subject?

It takes up a great deal of many peoples lives.

Why?



Ethical Theories

The main theories, we all know:

- *Deontology (or Formalism).*
- *Utilitarianism, consequentialism*
- *Egoism*
- *Relativism*

Crane and Matten (2010) state that these principles have made it easier for business since the Western ethical principles are usually based on consequentialist and non-consequentialist.

Relativism

- *Cognitive relativism* - Cognitive relativism affirms that all truth is relative. This would mean that no system of truth is more valid than another one and that there is no objective standard of truth. It would, naturally, deny that there is a God of absolute truth.
- *Moral/ethical relativism* - all morals are relative to the social group within which they are constructed.
- *Situational relativism* - that ethics (right and wrong) are dependent upon the situation”.

Where is my guidance?

Rights

Crane, & Matten (2010.) These rights are often seen as related to duties, since the rights of one person can impose duties on another.

Examples:

- *Declaration of the Rights of Man*
- *American Constitution*
- *United Nations Declarations of Human Rights*
- *Limitation: the philosophies of justices are firmly positioned in a Western view of standards especially human rights.*

Chapman (2015) says “the ethical approach to business and investment seeks to maximise profit and return on investment while minimising and avoiding where possible negative social effects”.

Social and Socially responsible' include related factors such as:

- *the environment*
- *sustainability*
- *globalization effects - e.g., exploitation, child-labour, social and environmental damage anywhere in the world*
- *corruption, armed conflict and political issues*
- *staff and customers relations - for instance education and training, health and safety, duty of care*
- *local community*
- *and other social impacts on people's health and well-being*

Chapman says some of the ethic issues are:

- *Industries such as tobacco*
- *Weapons that can be used in war*
- *Nuclear expansion including weapons*
- *Scientific experimentation with all types of animals*
- *Countries which have oppressive or corrupt systems*

Quaker and Methodist movements of the 1800s.

Poor ethical decisions will spread quickly.

Ward (2013) says we cannot ignore influence of global ethics especially in relation to the expansion of technology.

The Role of Ethics in 21st Century Organizations

In the 21st century, ethics is neither a luxury nor an option.

Brimmer (2007) in his article says “more than competence, experience, intelligence and drive, people at all levels of an organization need ethical values”.

According to Kidder (2001), “The principle task of this decade is the creation and nurturing of a values-based culture. Due to the extensive amount of time people spend at work, much of that nurturing must take place in the business environment”.

Institute for Global Ethics

Shared core values –which are honesty, respect, responsibility, fairness and compassion.

Common language - employees need a language of ethics that can be easily understood.

Commitment at the top - ethics training must be throughout the whole organisations.

Moral courage - face up to ethical dilemmas and wrongdoings firmly and confidently, without flinching or retreating.

Brimmer (2007) considers:

“ethics, lifestyle and culture must become so interwoven that they cannot be separated. Together, they constitute how people relate to one another in the home, the workplace and every part of society”.

He also suggests that we move between theories depending on how a situation presents. I would agree since I would consider my ethical stance would be relativism; however I know I can use deontology when required.

Should Businesses be Expected to behave Ethically?

Business will go for the profits and it is this which upsets many people, although perhaps people sometimes expect too much and have not really thought through the consequences of their own opinions.

*Sensitivity to public opinion: Shell Company – Nigeria and Brent Spar
North sea*

Managers

Business needs to look at which layer of their management behaviours ethically as current research would suggests that senior managers are more driven by profit than the middle and first line manager.

It is apparent that middle and first line managers are more involved with the public and therefore have a different awareness of their customers' views.

There will always be conflicts.

Usually the business will go for the profits and it is this which upsets many people, although perhaps people sometimes expect too much and have not really thought through the consequences of their own opinions” (tutor2u, 2010).

The Growth of Corporate Responsibility

The UK CBI defines corporate social responsibility as the acknowledgement by companies that they should be accountable for the impact of their activities on society and/or the environment.

Over the last decade this type of awareness has slowly become part of business it is not a law but an acceptable face of business in the eyes of its customers.

No longer is it acceptable for the UK to dump waste in another country or shipping to dump their waste at sea. To-day it would consider this to be undesirable behaviour.

Pressure Groups

They are better organised, better financed and better able to attack businesses. From personal knowledge when Huntingdon Life Sciences UK was attacked by the Animal Liberation Movement their methods were extreme and threatened employees as well as shareholders and banks. Resulting in the business nearly becoming insolvent.

Interestingly in 1798 Jeremy Bentham strongly supported vivisection (procedures on live animals) under his theory of utilitarianism as the results would progress the understanding of human anatomy and physiology so ensuring the greatest good for humanity.

To-day in the UK animals are protected by the 2010/63/EU policy. Do pressure groups go out to find a business weak point? Do they need regulating or would this allow bad practices to return?

European policy on Corporate Social Responsibility (CSR)

To fully meet their social responsibility, enterprises they “should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders” (Carson, 2013, p.17),

A Result

GlaxoSmithKline who are the sixth-largest global drug maker? They announced that it will no longer hire doctors to promote its drugs. The company will stop extra payment to their representatives' in-line with their sales, for example number of prescriptions written by GP's or Consultants. However these changes will be introduced during the next two years worldwide.

McDonalds – San Francisco – Child meals

How Ethical?

Syal in January 2014 reported that “Drug Companies are accused of holding back complete information on clinical trials”. This coincided with the UK. MPs concerns after receiving a report into decision to stockpile Tamiflu as its efficacy was misleading.

A review of 20 existing studies into Tamiflu by the Cochrane Collaboration concluded it 'did not reduce influenza-related lower respiratory tract complications.'

About 50% of the information on result is ever released.

Increased Consumer Action

Consumer campaigns can be forceful and persuasive often sufficient enough for consumers stop buying the product.

An example of parent pressure back in the 1980's was when Cow and Gate decided to pink baby grows on one tin and blue on another.

Benefits of Ethical Behaviour

The main benefits for a business of behaving ethically are:

- 1. Averting of expensive and awkward PR disasters.*
- 2. Improved impression with its consumers which will increase profits.*
- 3. Appropriate recruitment to fit the business.*
- 4. Employee interest and motivation so they are proud of their jobs.*

Benefits of Ethical Behaviour

1. Business now are confronted with extra cost so they are not seen to be paying below the market wage as seen in India or dump waste material as seen in Nigeria.
2. Therefore organisations have to rationalise profit and ethical standards.
3. Organisations' now have to ensure their culture equals best business practice.
4. They equally have to ensure all their suppliers equally compile to their standards.

This has been a problem in Brazil with regard to their trade in mahogany. As an expensive wood there is illegal trading so now sales have to have an officially recognised stamp to guarantee the source.

Can Businesses be expected to behave Ethically?

Business Ethics can be said to be comparatively new however they become an essential part of business studies courses (Hawley, 2007) and are discussed annually in the Europe Ethics Summit (2014).

At present many organisations have only recently come to recognise the importance of ethical decisions, and how they are perceived.

In a recent situation with the Church of England's investments; the Archbishop of Canterbury spoke out about the practice regarding money lending in one organisation to discover later it was such organisation which they had invested in.

Body Shop market their ethical stance on not selling any product that had been tested on animals.

So what are we looking at?



In looking at suppliers Riley (2012) said “that a business cannot claim to be ethical firm if it ignores unethical practices by its suppliers for example:

- Use of child labour and forced labour*
- Production in sweatshops*
- Violation of the basic rights of workers*
- Ignoring health, safety and environmental standards*

Do Pressure Groups lead multinationals to act ethically?



They can act irresponsibly for example criticising Primark for not having paid compensation to the families of the fire disaster. When in truth they were the only UK firm to have funded compensation

Although on the other hand the growth of Fairtrade business is a good prototype of positive consumer action.

How should we respond?

The Guardian columnists Seumas Milne and Peter Lee, (a military expert at Portsmouth University) who on December 2nd 2014 wrote “The use of unmanned aerial vehicles, or ‘drones’, is one of the most controversial elements of modern warfare? The technology allows for the delivery of bombs and bullets with no risk whatever to the attacker. So does the use of drones create new ethical problems”.

Conclusion

To conclude there are no commonly approved laws of ethics, no given standards or mechanisms, and no permanent or fixed philosophies.

So how do we manage ethics on contemporary life and society?



Thank you for listening.

Any question?