




Ethics, CSR & Corporate Behaviour


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Demand Led Economic System

- The very process by which west had become affluent is increasingly being questioned
- ✓ Can we go on like this?
- ✓ Is this sustainable?
- ✓ Is the whole system flawed and self destructive?


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Ethics

- What is ethics?
- ◇ Set of rules prescribing what is good and what is bad
- ◇ Overall fundamental practices and principles to enhance the wellbeing of a society
- ◇ Standards of right and wrong
- ◇ Divergent views on right and wrong

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Business Ethics

- ◇ How to behave properly in all their business operations?
- ◇ Business ethics means honesty, confidence, respect and fair acting in all circumstances
- ◇ Business ethics is characterized by conflict of interest
- No absolute truth about right and wrong
- If right and wrong clearly defined lead to dilemmas


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Domain of Human Behaviour

- Domain of codified law
- Domain of ethics
- Domain of free choice


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Criteria for Ethical Decision Making

- Utilitarian approach: greatest good for greatest numbers
- Individualism approach: act are moral if they promote individual long term interest
- Moral right approach: fundamental rights that cannot be taken away
- Social justice approach

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Predicate Question


Why business should engage in ethical practices?

Milton Friedman(1962)

Business has no fiduciary responsibility towards any group but shareholders

Engage in open and free competition without any deception

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Ethical Philosophies

Role of ethics in organization theory

There is no absolute agreement about what's is good and what's bad

Varieties of ethical position to choose from


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Deontological Ethics

- Absolute standards of right and wrong
- Certain actions are right or wrong in themselves
- Absolute moral constraint against killing someone

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Teleological Ethics

- Distinction between the right and the good
- Outcome determines what is right rather than our action in terms of input
- Rawls in his theory of justice hold this view
- Under this perspective its our duty to promote certain ends


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Utilitarianism

- Outcome is all that determine what is good
- Society progress while while all individuals pursue their self interests
- Some utilitarian also argue for the role of the state

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Ethical Relativism

- There are no universal truth

1. Conventionalism: Valid within given culture at a particular culture
2. Subjectivism: individual choices as key determinant of moral choices

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Ethical Objectivism

- Opposite to ethical relativism
- Universally valid principles

1. Absolutism : one true moral system
2. Core morality: accept an indeterminate area

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Gaia hypothesis

- The Gaia hypothesis, also known as Gaia theory or Gaia principle, proposes that all organisms and their inorganic surroundings on Earth are closely integrated to form a single and self-regulating complex system, maintaining the conditions for life on the planet.
- The scientific investigation of the Gaia hypothesis focuses on observing how the Biosphere and the evolution of life forms contribute to the stability of global temperature, ocean salinity, oxygen in the atmosphere and other factors of habitability in a preferred homeostasis.
- The Gaia hypothesis was formulated by the chemist James Lovelock and co-developed by the microbiologist Lynn Margulis in the 1970s.

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Corporate Behaviour

The components of Corporate behaviour

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    graph TD
      CSR((CSR)) --- CB((corporate behaviour))
      ethics((ethics)) --- CB
      law((law)) --- CB
    
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CSR, Ethics & Corporate Behaviour

- Corporate behaviour is ethical legal and responsible behaviour towards organization, stakeholders and society
- CSR is not always legal obligation

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Figure 5.2
The Corporate Behavior Pyramid

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    graph TD
      SR[Social Responsibility] --- E[Ethical]
      E --- L[Legal]
      L --- CB[Corporate Behavior]
    
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Corporate Reputation

- Reputation has become a competitive advantage in modern world
- Evolving standards and informed stake holders
- Increase customer loyalty

Union carbide Bhopal disaster documentary

- <https://www.youtube.com/watch?v=FdyBz2s9I5c>
- BBC documentary
- <https://www.youtube.com/watch?v=rJg19W8x-Is>

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