**Business Ethics and Corporate Social Responsibility**

***Task***

***Can you find any examples of businesses you are familiar with that have behaved in an ethical or unethical manner?***

***Do you think Corporate Social Responsibility is important? Why/Why not?***

**Business Ethics is the set of moral rules and standards that provide guidelines for right and truthful behaviour in business situations with their various stakeholders such as their employers, community etc..**

**Ethics helps a business decide whether a business decision is right or wrong, regardless of whether it generates a profit or not.**

**Business Ethical Scandals 2019**

<https://www.complianceweek.com/opinion/top-ethics-and-compliance-failures-of-2019/28237.article>

**Some Types of Unethical Business Practices**

* Bribery and Corruption- making illegal payment to win contracts and influence decision makers
* Exploitation of Workers- Child Labour, unsafe working conditions, long hours, underpaying staff
* Dumping toxins into air and water
* Unsafe or substandard products being sold- example cars with defects
* Overcharging for products and service

**Why does a business act unethically?**

* Greed- the desire for more profits, wealth, and power
* Fear of losing jobs and so cut costs
* They are allowed get away with it in some places- lack of regulation
* Corporate culture
* Low ethical standards among individuals

**How ethical behaviour can be encouraged**

Encourage Whistleblowing

If business management want their business to behave in an ethical way, they must have a culture where unethical behaviour is reported. Employees are encouraged to report any instances of unethical behaviour. This is known as whistleblowing.

<http://www.businessinsider.com/9-famous-whistle-blowers-2013-6?IR=T>

Staff Training

When staff is inducted, a code of ethics of the business operations should be given to them. Also, existing staff need to be retrained in ethical practices and this should form part of their appraisal interviews

Lead by example

If managers and owners are consistently behaving in an ethical way and promoting a culture of ethical business practice, this should filter down to the rest of the staff

Ethical Audit

An ethics auditor can be hired by a business to examine how it operates, and create a report to management of unethical behaviour that a business can use to change its practices. This recommendation is not legally binding

\*\*Develop a Code of Ethics\*\*

A code of ethics is a formal written statement created by a business setting out the behaviour that is expected of its managers and employees when dealing with the other employees, customers, and its business community.



**Corporate Social Responsibility**

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**Social Responsibility is the businesses duty to respect all its stakeholders in a morally and fair way. This is often referred to as Corporate Social Responsibility.**

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| **Stakeholder** | **Responsibility** |
| **The Government** | * Pay all taxes when due PAYE, VAT and Corporation Tax- avoid tax evasion
* A business needs to comply with various legislation – for example Employment Equality Act 1998
* Use government finance provided as intended (Grants)
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| **Employees** | * No discrimination/harassment
* Fair wages( at least minimum wage) and fair promotion system
* Safe work conditions
 |
| **Investors** | * Do not conceal information – be honest and transparent with
* investors at all times and maintain proper set of accounts
* Use investment capital appropriately – investors’ funds must be spent in the manner for which they are given
* Give reasonable return on investment – investors are taking a risk when providing capital and should be given a fair return if profits are made
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| **Customers**  | * Truthful and accurate advertising
* Products that are safe and reliable
* Complaints must be dealt with speedily
* Provide an after sales service
 |
| **Suppliers** | * Pay bills on time
* Honour contracts
* Fair negotiations
 |
| **Community** | * Avoid pollution
* Provide employment
* Support local suppliers
* To keep them informed
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