
Business Studies

Section: Ethics (Chapter 2)



ETHICS

EMPLOYMENT/LABOUR ISSUES

PROFESSIONALISM CONSEQUENCE BASED THEORY

PRINCIPLE BASED THEORY

VIRTUE BASED THEORY

NARRATIVE BASED THEORY

UNAUTHORISED USE OF FUNDS

DEONTOLOGICAL THEORY

INDIVIDUAL LEVEL



BRIBES

ORGANISATIONAL LEVEL

IN SOCIETY

INSIDER TRADING

PROFESSIONAL LEVEL

INTERNATIONALLY

TAX EVASION

CONFLICTS OF INTEREST

CORRUPTION

PRICE DISCRIMINATION

UNFAIR ADVERTISING

SEXUAL HARASSMENT

SOCIAL RESPONSIBILITY...

BUSINESS ETHICS

INAPPROPRIATE GIFTS

UTILITARIAN THEORY

Assessment Standards:

AS12.3.2 Discuss and debate how **professional**, **responsible**, **ethical** and **effective** business practices should be conducted in changing and challenging business environments?

AS12.3.3 Reflect on situations and activities and make recommendations for improvement



Basic definition: In broad terms ethics can be described as the **human values** that describe how one should live when keeping in mind what is seen as ‘**correct**’ behaviour?

■ Ethics can be studied at 2 distinct levels:

1. The first being **substantive** or **normative** ethics, where one would ask the question: ‘Is this the right thing to do?’
2. At the second level (**meta-ethics**), one asks the question: ‘How do I know what the right thing to do is?’ (*Metacognition refers to the process of thinking about thinking*)

The first step in the development of a theory on ethics is trying to answer these questions.



Right

Wrong



ETHICAL THEORIES

Theory	Description
1. Utilitarian	Whatever action is done should always be for the good of the greatest number of people.
2. Deontological	This approach states that one should consider what is the most important rule that was broken and then this should guide the person as to what action (if any) should be taken.
3. Consequence-based	The only way to judge whether an action is 'right', is to look at the consequence of the action. (Does the end justify the means?)
4. Principle-based	Predetermined rules. One's principles or values will determine whether the action is right or wrong.
5. Virtue-based	Emphasise that moral behaviour pre-supposes a well-informed character. This means it is the character of a person that is judged, rather than his/her actions.
6. Narrative-based	Different narratives/stories are used to complement each other in order to lead to an understanding of the difference between right and wrong.

Regardless of theory used to support our argument we need to consider:

1. Moral Absolutism- states that there is only one ethical solution to any problem
2. Moral Relativism- the solution to the problem at hand will depend on the situation and who is involved, e.g. Depending on different cultures etc.

BUSINESS ETHICS

- Please research the definitions of the following words and report back to the class:

- **Accountability**
- **Responsibility**
- **Integrity**
- **Confidentiality**
- **Morality**
- **Impartiality**
- **Transparency**
- **Prudence**
- **Any other terms ???**

Business ethics is often confused with social responsibility (Chapter 3). It is important to remember that social responsibility is just one element of ethical behaviour. Business ethics is about being responsible in all business dealings and not only towards society.

Calvin and Hobbes

BY WATTERSON



GET WHAT YOU CAN WHILE THE GETTING'S GOOD - THAT'S WHAT I SAY! MIGHT MAKES RIGHT! THE WINNERS WRITE THE HISTORY BOOKS!



Researching unethical behaviour

- Work on your own for this task
- Provide a brief report that clearly demonstrates your understanding of ethical behaviour. Your report needs to review at least two newspaper or magazine articles that refer to unethical or unprofessional behaviour.
- Under each article identify the following:
 - The business role of the person involved in the problem
 - What the unethical behaviour entailed
 - How you think it affected the business and other employees
 - One way you think this type of behaviour can be prevented in the future

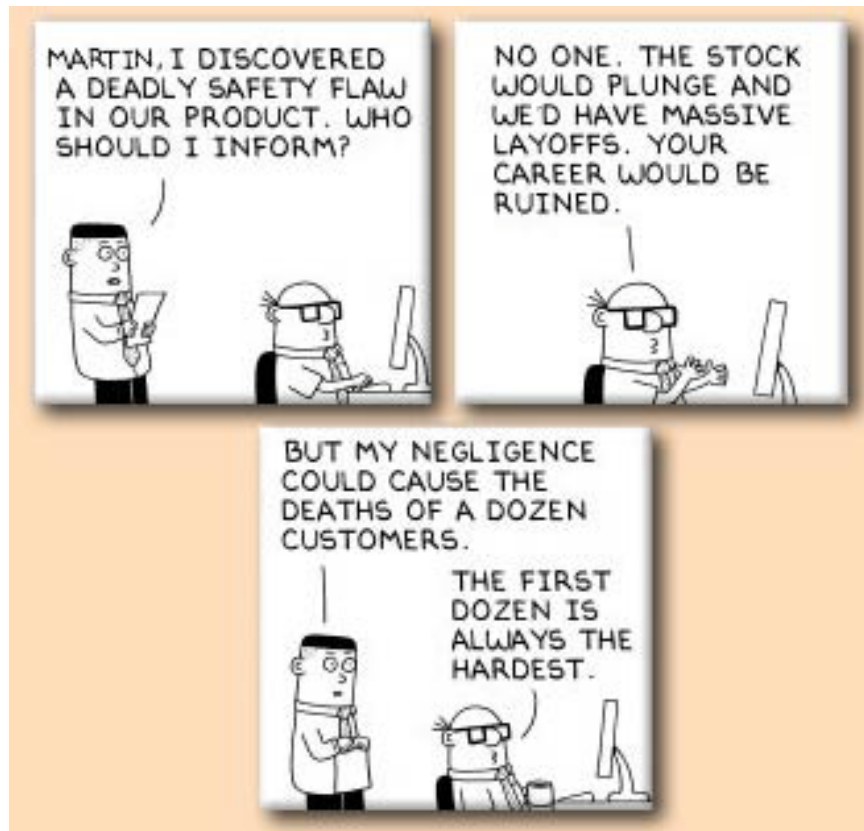


Word problem

- There are 5 houses in 5 different colours. In each house lives a person of a different nationality. The 5 owners drink a certain type of beverage, smoke a certain brand of cigar, and keep a certain pet. Using the clues below, can you determine WHO OWNS THE FISH?
 - The Brit lives in the red house.
 - The Swede keeps dogs as pets
 - The Dane drinks tea.
 - The green house is on the immediate left of the white house.
 - The green house owner drinks coffee.
 - The person who smokes Pall Mall rears birds.
 - The owner of the yellow house smokes Dunhill.
 - The man living in the house right in the middle drinks milk.
 - The Norwegian lives in the first house.
 - The man who smokes Blend lives next door to the one who keeps cats.
 - The man who keeps horses lives next door to the man who smokes Dunhill.
 - The owner who smokes Blue Master drinks beer.
 - The German smokes Prince.
 - The man who smokes Blend has a neighbour who drinks water.
- **Philosophical question: Is the blue you see the same blue I see?**

Business Ethics

- Some basic questions a manager could consider when making a business decision:
 - What does the law say and do we agree with this law? **(e.g. For MNC when handling inappropriate gifts)**
 - What about choices regarding economic and social issues not covered explicitly by legislation or where legislation is not enforced. **(e.g. Pollution, child labour)**
 - The issue of self-interest vs. the interest of the business also raises some ethical dilemmas.



Examples of ethical issues in the corporate world

- Employee conflict of interest **e.g. Moral conflict, nepotism**
- Inappropriate gifts **e.g. Inappropriately large therefore seen as constituting a bribe, inappropriately given to a potential decision maker, may be linked to sexual harassment (senior male giving married female employees jewellery, perfume etc.)**

Sexual harassment is not confined to only giving inappropriate gifts or other overt sexual behaviour, but may include sexually explicit comments, signs, innuendos, phone calls, emails, sms's, voyeurism, intrusion of privacy and any other act that makes the recipient feel uncomfortable)

- Unauthorised payments **e.g. Fraudulent invoices, payment requisitions, forges signatures, unauthorised electronic payments, skimming accounts etc.**
- Affirmative action
- Internet, email and cell phone issues, **e.g. Questionable websites, forwarding damaging emails and SMSs, any medium of communication that is able to disseminate damaging information**
- Stealing from the company, **includes claiming unreasonable items on the companies expense account (need to get proper authorisation)**
- Firing an employee for whistle-blowing

Explain whether the following can be considered unethical and motivate your answers:

1. Claiming normal business expenses as tax deductions
2. Understating the business profit for tax reasons
3. Giving your PA a gift if she works longer hours than required
4. Charging an extremely inflated price for goods because you are a monopoly
5. Dismissing a whistle blower
6. Paying household expenses using a business cheque
7. Taking an important client on an all-expenses-paid holiday
8. A company paying for the building of a community centre at the request of an important politician but with no strings attached
9. And what if it is made clear to you that 'favours are returned'?
10. Telling your PA that she looks stunning in her new red dress



IRISH COLLEGE ENTRANCE EXAM

TIME ALLOWED: 1 Minute

1. Continue the following sequence in a logical way:

M T W T _ _ _

2. Correct this formula with a single stroke:

$$5 + 5 + 5 = 550$$

3. Please write anything here:

4. Draw a rectangle with 3 lines

Professionalism role play exercise.....(Vodashop sales rep)

For a business to operate successfully , the organisation needs to establish a set of common values in order to have a culture of professional behaviour

■ Consider the following elements:

• Image

• Communication

- Using peoples names correctly
- Pay attention to person talking to you
- Cell phones should be turned off during meetings
- Foul language
- Give constructive feedback
- Telephone etiquette (Identify oneself before saying what the call is about)
- Never continue with a private call when a customer is waiting
- Written communication (spelling and language)

• Actions

• Working environment

- Free from prejudice and discrimination
- Should be neat and help promote the businesses professional environment
- Staff should make customers feel comfortable, create an environment of confidentiality





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