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BUSINESS & ETHICS ARE TWO WORDS THAT CANNOT GO HAND IN HAND

"Hear, see, be silent, if you want to live in peace."



"Hear all, see all and speak out for freedom and liberty, if you want to live in peace."

Values can be defined as those things that are important to or valued by someone

In an organization core values are:

The integrity, professionalism, caring, teamwork, and stewardship

Honesty and loyalty (values) are the ingredients of integrity

Values are important tools for making judgments, assessing probable outcomes of contemplated actions, and choosing among alternatives.

How do values relate to ethics?

Values determine what is right and what is wrong, and doing what is right or wrong is what we mean by ethics

Where to look what is right and wrong?

The first place is society

Every society makes some determination of morally correct behavior

Sometimes it might be connected with religious beliefs, e.g. Islamic society

A disagreement between individual and organizational values will be dysfunctional

There can be stated and operating values of the organization, a disagreement can lead to a difficult situation

Ethical quick tests are:

- Is it right?
- Is it fair?
- Who gets hurt?
- Are you comfortable if your decision was reported on the front page of your local news paper?
- What would you tell your child to do?
- How does it feel?

Business ethics

- Ethical issues in business
- Dilemmas, conflicts in decision making
- Accountability and transparency to shareholders/stakeholders
- Consistent with sustainable development

Personal ethics/morals

- Family
- Friends
- Relatives
- Society
- Religion
- Media
- Maturity with age and experience

Ethics in decision making

- Merck & company (drug for river blindness)
- Goodrich co. (breaks for A7D)

Ethical issues in MNCs

1. Health
2. Cosmetics
3. Textiles and apparels
4. Defence equipment
5. Electronics
6. Food itmes
7. Computers
8. Soft drinks
9. Motor cars
10. Soft ware
11. retail chains
12. telecommunications

What are unethical business practices (internal)

- Managers lying to employees
- Nepotism and favoritism
- Taking credit for others work
- Receiving or offering kick backs
- Stealing from the company
- Firing an employee for whistle blowing
- Padding expense accounts
- Divulging confidential information/trade secrets
- Terminating employment without giving sufficient notice
- Using company's property and material for personal use

What are unethical business practices (external)

- Supplying faulty/outdated technology and services at a very high cost
- Buying natural resources and goods from developing economies at a cheaper price
- Exploiting services and labour of developing countries.
- Exploit natural resources of developing countries (hamburgerization of Amazonian forests)

Good Ethics means Saving Money!

- Acting legally and ethically means saving billions of dollars each year from law suits, settlements and theft
- Work place theft in US costs 40 billion \$ each year
- Costs to business also includes:
 - Deterioration of relationships
 - Declining productivity, creativity, loyalty, absenteeism
 - Difficulty recruiting and retaining valued professionals



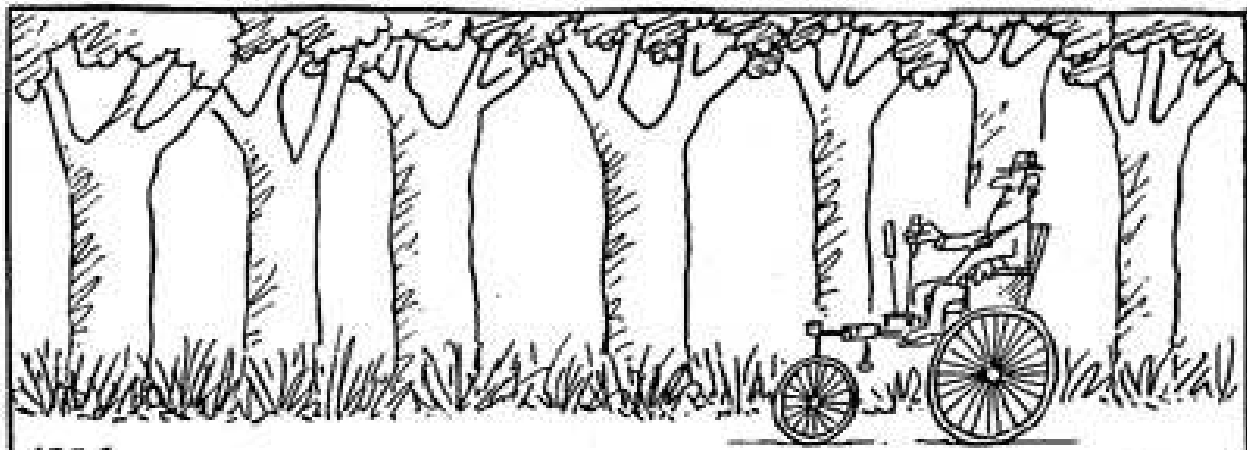
Environmental problems

- Pollution
- Resource depletion



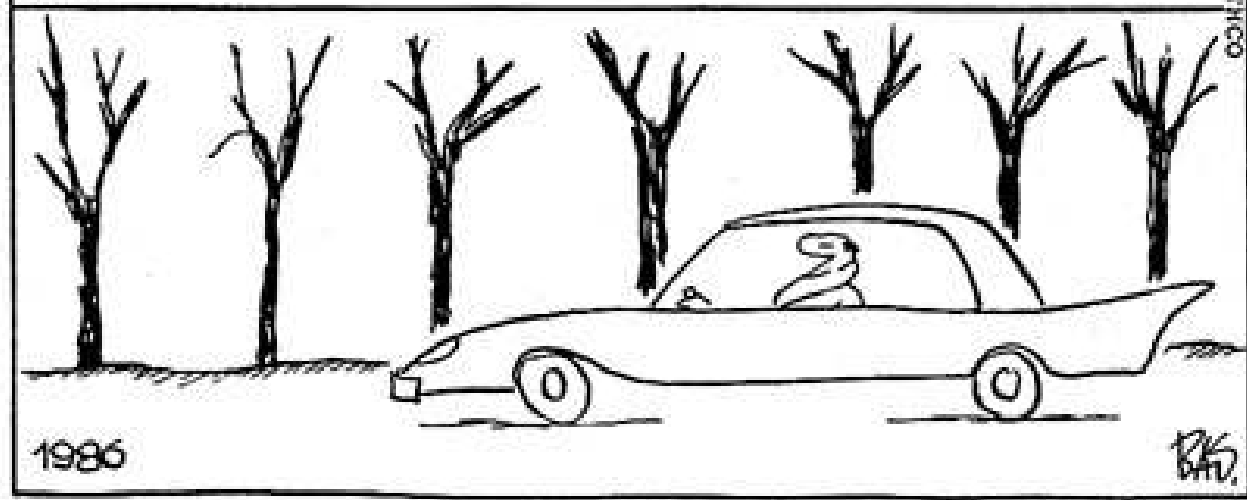


Low-cost, small-car: Big trouble



1886

ROTHCO



1986

BAS

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KFC in India
Exxon valdez,
Coca cola in India,
Boeings unethical practices
The Tata Tea/ULFA story
The Bhopal gas tragedy
The T-Series story
The McDonald's 'Beef Fries' Controversy
The Recall of Vioxx
Johnson & Johnson Tylenol controversy
Childhood Obesity: Should Junk Food be Regulated?
Rio Tinto: The Mining Giant Pollutes Indonesia's Environment
Fall of Arthur Andersen, the accounting firm

Reebok - Managing Human Rights Issues 'Ethically?'

Kmart - Forced Towards Bankruptcy?

Nestle's infant formula controversy

Microsoft playing monopoly

GlaxoSmithKline, Bristol-Myers Squibb and AIDS in Africa

Ford/Firestone controversy

Ethical issues in BPOs in India

The bribery scandal in Siemens AG

De-nocil's bribery case

BT cotton controversy

Foreign patenting of domestic products

Retail chains in fruits and vegetables

Child labour in the sandstone industry

Harshad Mehta and Indian financial scam

Marketing of Fairness Creams and the Question of Ethics

Conclusions

- Balancing business, ethics and values is important
- Business for long term should be sustainable with environmental, social and economic concerns