



Chapter 04

Demanding Ethical and Socially Responsible Behavior

“A business that makes nothing but money is a poor kind of business.”

Henry Ford

Ethical Standards are Fundamental

- **Ethics** -- *The standards of moral behavior. Behaviors that are accepted by society as right versus wrong.*



Ethical Standards are Fundamental

- **Ask yourself these questions:**
 - Is it legal?
 - Is it balanced?
 - How will it make me feel about myself?

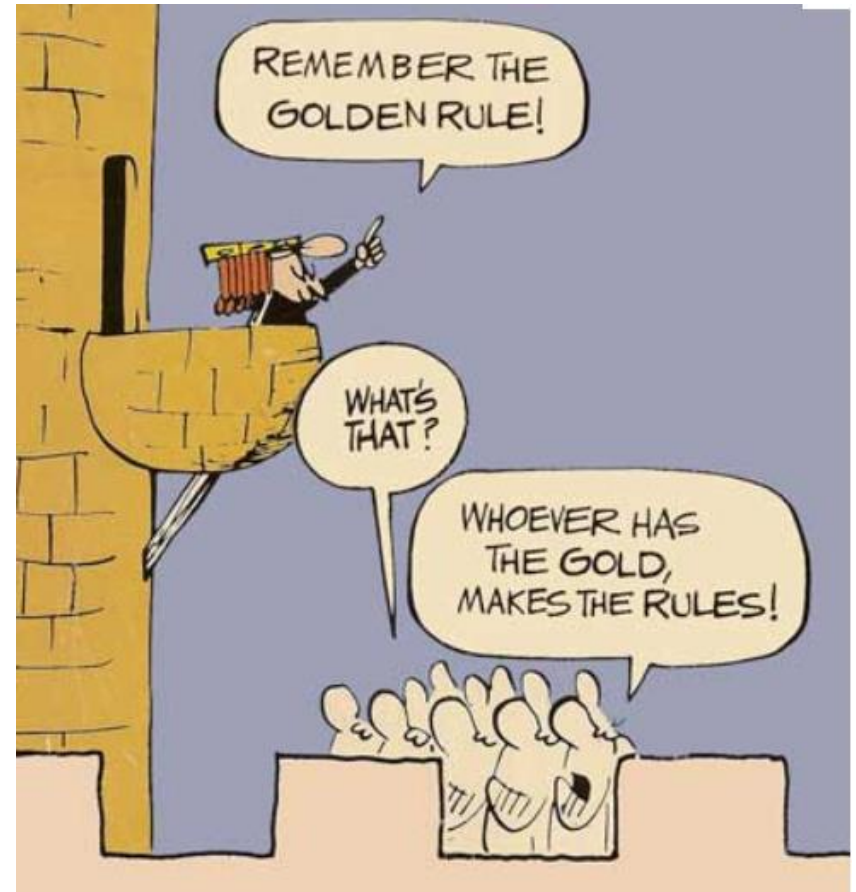


Golden Rule



do unto others as you
would have them do unto you.

NOT



Ethical Standards are Fundamental

Many Americans have few moral absolutes and make DECISIONS SITUATIONALLY.

- Even in today's diverse culture, there are still COMMON STANDARDS OF ETHICAL BEHAVIOR.
- All major religions/philosophies support a version of the GOLDEN RULE
- Organizational ethics begin at the top.

A 6 Step Process to Improve America's Business Ethics

1. Top management must adopt and unconditionally support an explicit corporate code of conduct.
2. Employees must understand that senior management expects all employees to act ethically.
3. Managers and others must be trained to consider the ethical implications of all business decisions.

4. An ethics office must be set up with which employees can communicate anonymously.

Whistleblowers -- *Insiders who report illegal or unethical behavior.*

5. Involve outsiders such as suppliers, subcontractors, distributors and customers.
6. The ethics code must be enforced.



DECEMBER 30, 2002 / JANUARY 6, 2003

SPECIAL DOUBLE ISSUE

PERSONS OF THE YEAR

TIME



The Whistleblowers

CYNTHIA COOPER
OF WORLD.COM

COLEEN ROWLEY
OF THE FBI

SHERRON WATKINS
OF ENRON

Corporate Social Responsibility (CSR)

- -- *The concern businesses have for the welfare of society.* CSR is based on a commitment to integrity, fairness, and respect.

Corporate Social Responsibility

Example of Corporate Value statement taken for an actual business site:

From the start, we've been building a team of excellent individuals who **value integrity, responsibility and good work ethics**. We act upon those values every day as demonstrated by the high standard of behavior we uphold in everything we do.

- We are one team hungry for change, striving for excellence in all that we do
- We work every day to make our customers and consumers smile
- We value continuous improvement in our people, our products and our business
- We cherish the “can do” spirit, trying but failing is okay, failing to try is not
- We dare to be different: new ideas, innovation and differentiation matter
- We value teamwork and the sharing of ideas
- We win market by market and create advantage by leveraging our global scale
- **We believe that honesty, integrity, and fair dealings are integral to our success – good ethics is good business**
- **We “drink the local wine” - we are multi-cultural and care about our people, our families, and our local community**
- We take pride in being a family business

Corporate Social Responsibility

- **To Customers:** Creating an environment of trust. Customers admire social responsibility-companies benefit.
- **To investors**-Unethical behavior is bad for the bottom line. Doing the right thing protects investors and builds trust.
- **To Employees:** Cost to replace employees is high. Treat employees fairly and they will treat the company fairly.
- **To Society and the Environment:** Many consumers buy with their conscience. Green movement. Contributing to a clean environment.