

## Trade

### Ethics in Competitor Intelligence Gathering

- Competitor intelligence collection is important for a company to grow, however ethical and legal limits one should not forget.
  - Computers played and important role.
  - The unethical methods for gathering competitor intelligence can be grouped under four headings.
1. Theft and Receipt of Unsolicited Information
    - Could be done to take revenge, for money, taking it to new job.
    - More controversial, however, are cases in which an employee inadvertently leaves a document where it can be seen or taken by a competitor or carelessly discloses information in casual conversation.
  2. Misrepresentation
    - To gain information under false pretences is a form of deception that violates the duty to be honest in all dealings.
    - Posing as a customer to obtain information from a competitor.
    - under the guise of doing a study of the industry which might contain confidential technical information about the bidder's products.
    - To get information some companies have advertised and conducted interviews for positions that do not exist, in the hope that some applicants would inadvertently reveal trade secrets of their present employer.
  3. Improper Influence
    - The employment relation is built on trust, and to induce an employee to reveal information through bribery or some other means is to undermine that trust.
  4. Covert Surveillance
    - Planting hidden microphones, can give race film example :)
    - Need to respect company's privacy.

### Conflict of Interest

- Occurs when a personal interest interferes with a person's acting so as to promote the interests of another when the person has an obligation (i.e. agent (employee) has an obligation to act for principal (employer)) to act in that other person's interest .
- In conflict of interest: The duties of an agent are not determined solely by a list of moral rules but by the nature of the interests to be served

**Conclusion:** Trade secrets and conflict of interest involve a delicate balancing of the rights and interests of employers and employees, as well as the public at large

## CSR - Corporate Social Responsibility

- "the responsibility of enterprises for their impacts on society".
- "the continuing commitment by business to contribute to economic development while improving the quality

of life of the workforce and their families as well as of the community and society at large."

- They can take help from NGO's.
- The well known economist Milton Friedman writes, in Capitalism and Freedom, "Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than making as much money for their stockholders as possible".
- Haves and have-nots
- Poverty and famine : caused by inefficient or corrupt political and business institutions

### Examples

- Jeffrey Swartz (leader of company Timberland) launched "Path of Service" under which employees were to devote fixed number of company hours for community service, this was optional for employees but they were encouraged to do so for their favored causes.
- Taking advantage of an economic opportunity that is judged to be less profitable but more socially desirable than some alternatives (Starbucks coffee)
- Using corporate resources to operate a program that addresses some major social problem
- Making contributions to civic and charitable organizations and nonprofit institutions
- Providing benefits for employees and improving the quality of life
- Coca-Cola recycling, thinking about environment (environment sustainability), helping water reach the poor in south africa (**eradicating hunger and poverty**).
  - In developing countries, around 6 million children die each year.
- Contributing to Prime Minister's relief fund and other such state and central funds.
- Promoting education.

### Indian Context

- On the one hand, India has grown to be one of the largest economies in the world, and an increasingly important player in the emerging global order,
- on the other hand, it is still home to the largest number of people living in absolute poverty and the largest number of undernourished children.
- What emerges is a picture of uneven distribution of the benefits of growth
- social unrest
- Many companies have been quick to sense this development, and have responded proactively while others have done so only when pushed.
- Governments as well as regulators have responded to this unrest and the CSR clause within the Companies Act, 2013 is the step towards regularity.

### The Companies Act, 2013

- The CSR provisions within the Act is applicable to companies with:
  - an annual turnover of 1,000 crore INR and more,
  - or a net worth of 500 crore INR and more,
  - or a net profit of five crore INR and more.

- The Act encourages companies to spend at least 2% of their average net profit of past three years on CSR.
- Only CSR activities in India will be taken into consideration.
- Small And Medium Enterprises significantly contribute to economic's growth as they employ nearly 45% of India's workforce.
  - Their business activities are conducted in the close proximity of locals which enables them to develop CSR programs according to community needs.

#### **Corporate social responsiveness**

- It refers to the capacity of a corporation to respond to social pressures.
- Thus, a socially responsive corporation uses its resources to anticipate social issues and develop policies, programs, and other means of dealing with them.