

# Week 9: Ethic a basic framework

Growing interest in ethical business operations has increased the interest in company and individual trust

- Greater creativity is associated with fair rewards, mutual helpfulness and honest information
- A trusting environment increases the employees interest in knowledge sharing
- Practising good corporate citizenship contribute to a positive reputation

Ethics are often left to instincts

- Many people make ethical judgements based of instinct and emotion
- Reason and analysis are used to justify their instinctual response rather than formulate or test their judgement

## Different types of ethical norms or standards

### Duties

- A requirement to act or not to act in a certain way
- Typically owed to other parties such as company, colleagues, customers, the general public
- Many basic moral duties have been written into law or otherwise codified
- Reflects widely held expectations in order to avoid criticism or blame

### Rights

- Often the converse of a duty
- An entitlement of certain behaviour from other people
- Positive rights
  - Require others to commit resources or take affirmative action
- Negative rights
  - Require others to forbear from certain actions

### Best practice

- Certain principles or standards of excellence also referred to as ideals, values or aspirations
- Might need be legally required, but are view upon as morally correct

### Commitments

- Moral commitments that goes outside or beyond the publicly defined rights, duties or standards
- Often rooted in an individual's personal values and beliefs
- The commitments made represents the actors identity

## **Standardized principles for acting ethical**

### Fiduciary principle

- Act in the best interest of the company and its investors

### Property principle

- Respect property and the rights of those who own it

### Reliability principle

- Keep promises, agreements, contracts and other commitments

### Transparency principle

- Conduct business in a truthful and open manner

### Dignity principle

- Respect the dignity of all people

### Fairness principle

- Deal fairly with all parties

### Citizenship principle

- Act as responsible members of the community

### Responsiveness principle

- Be responsive to the legitimate claims and concerns of others

## **Evaluating our own judgement**

### The visibility test

- Consider how our actions may be viewed by others
- Would I be comfortable if this action were described on the front page of a respected newspaper?

### The generality test

- Consider what would happen if our actions became the general practice
- Would I be comfortable if everyone in a similar situation did this?

### The legacy test

- Appeals to the decision makers own future self-evaluation
- Is this how I'd like my leadership to be remembered?