

BACHELOR OF COMMERCE (Hons)

B.COM. 209- Business Ethics and Corporate Social Responsibility

Objectives: To acquaint students with the basics of business ethics and corporate social responsibility of business.

Unit I

Political Thought: Liberty, equality, justice, Rights and recognition. The idea of good society, domain of politics and ethics: Democracy and welfare state, market and Globalisation.

Unit II

Freedom and Determinism, Libertarianism, Morality and Society, Theories of moral reasoning-teleological and Deontological Theories.

Unit III

Concept of business ethics, corporate code of ethics: environment, accountability, Responsibility. CSR: Arguments for and against, CSR Models drivers and standards.

Unit IV

Issues in social responsibility: Discrimination and Affirmative Action, diversity, Women in the Workplace: Sexual Harassment and Women's Rights. Advertising and Marketing: False or Deceptive Advertising, Consumer Safety and Product Liability. The Moral Dimensions of Information Technology

Unit I

Liberty

Liberty in philosophy, involves free will as contrasted with determinism. In politics, liberty is freedom from government coercion. In theology, liberty is freedom from the bondage of sin.

Philosophers from earliest times have considered the question of liberty. Roman Emperor Marcus Aurelius (121–180 AD) wrote of "a polity in which there is the same law for all, a polity administered with regard to equal rights and equal freedom of speech, and the idea of a kingly government which respects most of all the freedom of the governed." According to Thomas Hobbes, "a free man is he that in those things which by his strength and wit he is able to do is not hindered to do what he hath the will to do" (*Leviathan*, Part 2, Ch. XXI).

John Locke (1632–1704) rejected that definition of liberty. While not specifically mentioning Hobbes, he attacks Sir Robert Filmer who had the same definition. According to Locke:

“In the state of nature, liberty consists of being free from any superior power on Earth. People are not under the will or lawmaking authority of others but have only the law of nature for their rule. In political society, liberty consists of being under no other lawmaking power except that established by consent in the commonwealth. People are free from the dominion of any will or legal restraint apart from that enacted by their own constituted lawmaking power according to the trust put in it. Thus, freedom is not as Sir Robert Filmer defines it: ‘A liberty for everyone to do what he likes, to live as he pleases, and not to be tied by any laws.’ Freedom is constrained by laws in both the state of nature and political society. Freedom of nature is to be under no other restraint but the law of nature. Freedom of people under government is to be under no restraint apart from standing rules to live by that are common to everyone in the society and made by the lawmaking power established in it. Persons have a right or liberty to (1) follow their own will in all things that the law has not prohibited and (2) not be subject to the inconstant, uncertain, unknown, and arbitrary wills of others.”



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John Stuart Mill (1806–1873), in his work, *On Liberty*, was the first to recognize the difference between liberty as the freedom to act and liberty as the absence of coercion. In his book, *Two Concepts of Liberty*, Isaiah Berlin formally framed the differences between these two perspectives as the distinction between two opposite concepts of liberty: positive liberty and negative liberty. The latter designates a negative condition in which an individual is protected from tyranny and the arbitrary exercise of authority, while the former refers to having the means or opportunity, rather than the lack of restraint, to do things.

Mill offered insight into the notions of *soft tyranny* and *mutual liberty* with his *harm principle*. It can be seen as important to understand these concepts when discussing liberty since they all represent little pieces of the greater puzzle known as freedom. In a philosophical sense, it can be said that morality must supersede tyranny in any legitimate form of government. Otherwise, people are left with a societal system rooted in backwardness, disorder, and regression

Equality

For two things to be equal means for them to be identical in some respect. Thus if two trees are both precisely 6 feet tall, they are equal in height. If two men both earn precisely \$9,500 a year, they are equal in income. And if two people both have the same chance of winning a lottery, they have (in that respect) equality of opportunity.

However, while two things may be identical with respect to one or a limited number of attributes, no two physical objects can ever be identical with respect to *all* attributes. For example, all atoms differ in position, direction and history. And all human beings differ with respect to anatomy, biochemistry, temperament, knowledge, skills, goals, virtue and a thousand other characteristics.

Here we will primarily be concerned with three types of equality:

1. *Political equality*, a major goal of both the American and French revolutions, has *traditionally* meant equality of individual rights and equality of liberty. Stated simply, political equality means that the individual's right to life, liberty and property is respected and that government abstains from conferring any special advantage or inflicting any special harm upon one individual (or group) in distinction to another. Clearly, political equality is at best only approximated and never exists completely.



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2. *Economic equality* means in essence that people have the same income or total wealth.

3. *Social equality* generally means either (a) equality of social status, (b) equality of opportunity, or (c) equality of treatment. Social equality is also increasingly coming to mean (d) equality of achievement.

Justice

Justice, in its broadest context, includes both the attainment of that which is just and the philosophical discussion of that which is just. The concept of justice is based on numerous fields, and many differing viewpoints and perspectives including the concepts of moral rightness based on ethics, rationality, law, religion, equity and fairness. Often, the general discussion of justice is divided into the realm of social justice as found in philosophy, theology and religion, and, procedural justice as found in the study and application of the law.

The concept of justice differs in every culture. An early theory of justice was set out by the Ancient Greek philosopher Plato in his *Republic*. Throughout history various theories have been set out. Advocates of divine command theory argue that justice issues from God. In the 1600s, theorists like John Locke argued for the theory of natural. Thinkers in the social contract tradition argued that justice is derived from the mutual agreement of everyone concerned. In the 1800s, utilitarian thinkers including John Stuart Mill argued that justice is what is right is what has the best consequences. Theories of distributive justice what is distributed, between how are they to be distributed and what is the *proper* distribution. Egalitarians argued that justice can only exist within the coordinates of equality. John Rawls used a social contract argument to show that justice, and especially distributive justice, is a form of fairness. Property rights theorists (like Robert Nozick) also take a consequentialist view of distributive justice and argue that property rights-based justice maximizes the overall wealth of an economic system. Theories of retributive justice are concerned with punishment for wrongdoing. Restorative justice (also sometimes called "reparative justice") is an approach to justice that focuses on the needs of victims and offenders.

Rights and recognition.

The concept of rights based ethics is that there are some rights, both positive and negative, that all humans have based only on the fact that they are human. These rights can be natural



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or conventional. That is, natural rights are those that are moral while conventional are those created by humans and reflect society's values. Rights Based Ethics System: Examples

- The right to life
- The right to liberty
- The right to pursue happiness
- The right to a jury trial
- The right to a lawyer
- The right to freely practice a religion of choice
- The right to express ideas or opinions with freedom as an individual
- The right of individuals or organizations to express opinions or share information freely in written medium
- The right to come together and meet in order to achieve goals
- The right to be informed of what law has been broken if arrested
- The right to call witnesses to speak on one's behalf if accused of a crime
- The right of a person to be treated with respect and dignity even after being found guilty of a crime
- The right to freely live and travel within the country
- The right to work
- The right to marry
- The right to bear children
- The right to free education
- The right to join any peaceful parties or groups of choice
- The right to be free from slavery
- The right to not be tortured
- The right to be treated as equal to others
- The right to be considered to be innocent until proven guilty
- The right to personal privacy
- The right to own property

The idea of a good society:

A good society relies heavily on such moral dialogues to determine the values that will constitute the shared cultures of its communities; it does not merely base its values on

tradition. Moreover, to ensure broad and genuine adherence to values, a good society relies on the moral voice-the informal controls members of communities exert on one another-rather than law.

The law has often been viewed as the tool of society that ensures that millions of its members will live up to the prescriptions contained in the society's values. Indeed, one obvious sociological function of the law is to prescribe how people are expected to behave (from paying taxes to meeting obligations to caring for children). The law also prescribes what people should refrain from doing (from smoking in defined public spaces to selling, buying, or consuming crack cocaine). Usually, laws also contain penalties to be meted out and sometimes rewards to be accorded for those who ignore, or live up to, these normative prescriptions.

When values are less and less heeded, it is often argued that the society requires more laws, more regulations, stronger sanctions, more law enforcement resources and powers, and more severe punishments for those who violate the laws. Indeed, in most Western societies, one can observe that over the past several decades as social order has deteriorated, there have been increasing demands for more and harsher punishments, more police, and more powers to various public authorities. However, the rising economic and social cost of this approach to value-enforcement-as demonstrated by the failing war against controlled substances and the fact that while crime; has recently declined in the United States, it is still at much higher levels than it was a generation ago-shows that the high reliance'on law enforcement for value fortification does not make for a good society

Understanding Rights Based Ethics

The United States is founded upon a Rights Based Ethics System in which citizens are believed to have certain unalienable rights. John Locke was one of the primary supporters of this type of system as it takes the perspective of what the ideal world looks like and creates a rights system based upon those ideas.

- The United States of America's Bill of Rights is a document that epitomizes the type of rights that are embraced by Rights Based Ethical Systems.
- The Universal Declaration of Human Rights is another document that embraces and exhibits the values of a Rights Based Ethical System.

Beauchamp and Childress, authors and ethical theorists, have defined the term "right" to be a "justified claim that individuals and groups can make upon other individuals or upon society; to have a right is to be in a position to determine by one's choices, what others should do or need not do."

Rights can be legal in nature, or pertain to human rights or moral rights.

The opposite of rights based ethics are utilitarian ethics. Utilitarian ethics are based on the maximization of "good outcomes" and minimizations of "bad outcomes."

Domain of politics and ethics

Democracy and welfare state

Democracy is a form of government in which all eligible citizens are meant to participate equally – either directly or, through elected representatives, indirectly – in the proposal, development and establishment of the laws by which their society is run. While theoretically these definitions are in opposition, in practice the distinction has been blurred historically. The political system of Classical Athens, for example, granted democratic citizenship to an elite class of free men and excluded slaves and women from political participation. In virtually all democratic governments throughout ancient and modern history, democratic citizenship consisted of an elite class until full enfranchisement was won for all adult citizens in most modern democracies through the suffrage movements of the 19th and 20th centuries. The English word dates to the 16th century, from the older Middle French and Middle Latin equivalents.

Democracy contrasts with forms of government where power is either held by an individual, as in an absolute monarchy, or where power is held by a small number of individuals, as in an oligarchy. Nevertheless, these oppositions, inherited from Greek philosophy,^[3] are now ambiguous because contemporary governments have mixed democratic, oligarchic, and monarchic elements. Karl Popper defined democracy in contrast to dictatorship or tyranny, thus focusing on opportunities for the people to control their leaders and to oust them without the need for a revolution.



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Several variants of democracy exist, but there are two basic forms, both of which concern how the whole body of all eligible citizens executes its will. One form of democracy is direct democracy, in which all eligible citizens have direct and active participation in the political decision making. In most modern democracies, the whole body of eligible citizens remain the sovereign power but political power is exercised indirectly through elected representatives; this is called a representative democracy or democratic republic.

Non democracy

Non democracies are governments that are not democratic. Examples include totalitarian states, autocracies, despots, autarchies, and dictatorships

Welfare state:

A welfare state is a concept of government in which the state plays a key role in the protection and promotion of the economic and social well-being of its citizens. It is based on the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those unable to avail themselves of the minimal provisions for a good life. The general term may cover a variety of forms of economic and social organization. The sociologist T.H. Marshall identified the welfare state as a distinctive combination of democracy, welfare, and capitalism.

Modern welfare states include the Nordic countries, such as Iceland, Sweden, Norway, Denmark, and Finland which employ a system known as the Nordic model. Esping-Andersen classified the most developed welfare state systems into three categories; Social Democratic, Conservative, and Liberal. The welfare state involves a transfer of funds from the state, to the services provided (e.g. healthcare, education) as well as directly to individuals ("benefits"). It is funded through redistributionist taxation and is often referred to as a type of "mixed economy".¹ Such taxation usually includes a larger income tax for people with higher incomes, called a progressive tax. This helps to reduce the income gap between the rich and poor.

Market and Globalisation.

Globalization (or globalisation) is the process of international integration arising from the interchange of world views, products, ideas and other aspects of culture. Advances

in transportation and telecommunications infrastructure, including the rise of the telegraph and its posterity the Internet, are major factors in globalization, generating further interdependence of economic and cultural activities.

Though scholars place the origins of globalization in modern times, others trace its history long before the European age of discovery and voyages to the New World. Some even trace the origins to the third millennium BCE. In the late 19th century and early 20th century, the connectedness of the world's economies and cultures grew very quickly.

The term globalization has been increasingly used since the mid-1980s and especially since the mid-1990s. In 2000, the International Monetary Fund (IMF) identified four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people, and the dissemination of knowledge. Further, environmental challenges such as climate change, cross-boundary water and air pollution, and over-fishing of the ocean are linked with globalization.^[8] Globalizing processes affect and are affected by business and work organization, economics, socio-cultural resources, and the natural environment

Unit II

Freedom and Determinism

The "freedom vs. determinism" controversy is a long-standing one among both philosophers and psychologists. Here a resolution to the problem is presented that is based on the simple and well-known statistical concept of "degrees of freedom." It is shown that in the larger gestalt of the situation, our consciousness and behavior are both determined in the ways that psychoanalysts and behaviorists have argued, and are free in the ways that existentialists and humanists have argued. Gestalt therapy uses the tools of focused awareness to help people become aware of internal and external determining tendencies and, when they wish, increase their freedom of choice in situations where formerly they experienced little or none.

"Is our behavior free, or is it determined? The question, typically posed in precisely this dualistic fashion, is a well-worn bone on which both philosophers and psychologists have gnawed for years, decades, centuries, even millennia. Here I will offer, I believe, an elegant solution to the controversy.



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Psychoanalysts insist that that much of our behavior is determined by experiences of infancy and early childhood. Behaviorists maintain that most of what we do is controlled by the cues and reinforcers in our environment, which include the behavior of others. Existentialist philosophers and psychologists, and humanistic psychologists take precisely the opposite position, as in Jean-Paul Sartre's statement that even a man standing before a firing squad may choose to face death in a brave manner or a cowardly one, and in that sense is free. With such radically different points of view, how are we to tell who is right?

Ironically, a definitive answer to this dilemma can, I believe, be found not in the statements of either philosophers or psychologists but rather in a simple equation known to every beginning statistics student.

The fascinating implication is that the psychoanalysts, behaviorists, existentialists, and humanists are all entirely correct. More than a little of our behavior is indeed determined early in life and reenacted again and again thereafter, often in the forms of complexes or neuroses which may seem compulsive in their character--the "unfinished business" that haunts us until we come to terms with it in therapy, counseling, or some other healing or transformative context--or until we die. A good deal of our behavior is also fairly rigidly determined by environmental cues and reinforcers as simple as a red or green traffic light or a restroom sign that says "Men" or "Women," or as complex as the mixture of personalities in a given situation and the political or religious ideologies and agendas they espouse. Both Freud and Skinner were right.

On the other hand, as Soren Kierkegaard, Jean Paul Sartre, Simone De Beauvoir, Rollo May, James Bugenthal, and Carl Rogers all emphasized, in every moment we have a chance to act differently than we have acted in similar situations in the past. And as yogis, Buddhist teachers, George Gurdjieff, and Fritz Perls and his compatriots pointed out, the more we cultivate our ability to notice what factors in our past or in our environment are influencing us at any given moment, and how we are responding to them either internally or externally, the better able we become to broaden the range of choices available to us. Personal freedom can be learned, developed, and cultivated. In a Gestalt working session, a person may be asked to exaggerate some act in order to enhance her awareness of it, which in turn opens up the possibility of doing something else. She may be asked to stop doing something she has always done, in order to discover alternatives. She may experiment with acting in ways that



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had been forbidden, and hence were threatening and "off limits." She may let go of a facade and find her authentic self. And so on almost *ad infinitum*.

So the larger Gestalt of the "freedom vs. determinism" issue is that the question cannot be answered abstractly except in such general terms as those offered just above. In real life it must always be answered concretely, in reference to a given person in a given situation. We can ask how many degrees of freedom that person has, what internal or external conditions are limiting him or her, and what he or she might do to open up a broader range of possibilities if that's desirable. So the next time you hear the tired old argument about whether our actions and consciousness are free or determined, just ask, "Whose?" "When?" "In what situation?" Then an answer becomes possible. And that answer can't be found by logic or argument, but only by examination of the particulars.

Libertarianism

Libertarianism (Latin: *liber*, "free") is a political philosophy that upholds liberty as its principal objective. Libertarians seek to maximize autonomy and freedom of choice, emphasizing political freedom, voluntary association and the primacy of individual judgment.

Libertarians generally share a skepticism of authority, however, they diverge on the scope of their opposition to existing political and economic systems. Various schools of libertarian thought offer a range of views regarding the legitimate functions of state and private power, often calling to restrict or even to wholly dissolve pervasive social institutions. Rather than embodying a singular, rigid systematic theory or ideology, libertarianism has been applied as an umbrella term to a wide range of sometimes discordant political ideas through modern history.

Although some present-day libertarians advocate laissez-faire capitalism and strong private property rights, such as in land, infrastructure and natural resources, others, notably libertarian socialists, seek to abolish capitalism and private ownership of the means of production in favor of their common or cooperative ownership and management. While minarchists believe a limited centralized government is necessary to protect individuals and their property from certain transgressions, anarchists propose to completely eliminate the state as an illegitimate political system.



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The term *libertarianism* originally referred to a philosophical belief in free will but later became associated with state socialism and Enlightenment-influenced political movements critical of institutional authority believed to serve forms of social domination and injustice. While it has generally retained its earlier political usage as a synonym for either social or individualist anarchism through much of the world, in the United States it has since come to describe pro-capitalist economic liberalism more so than radical, anti-capitalist egalitarianism. In the *Stanford Encyclopaedia of Philosophy*, libertarianism is defined as the moral view that agents initially fully own themselves and have certain moral powers to acquire property rights in external things. As individualist opponents of social liberalism embraced the label and distanced themselves from the word *liberal*, American writers, political parties and think tanks adopted the word *libertarian* to describe advocacy of capitalist free economics and a night-watchman state.

Morality and Society

With increasing frequency, activities in our society raise the question of what sort of moralities guiding our people. Killing without apparent remorse and a tendency to dehumanise each other are only two of the most obvious symptoms. This is partly due to the fact that our Guyanese society is diverse, a combination of various cultures and traditions: it is heterogeneous in composition. Dynamic and changing, it is pluralistic in many ways. It has always been to some extent, morally pluralistic, and unfortunately this pluralism appears to be widening. We can distinguish four levels of moral pluralism: radical moral pluralism, the pluralism of moral principles, the pluralism of moral practices, and the pluralism of self-realisation. Radical moral pluralism describes that state of affairs in which people hold mutually irreconcilable views about morality, such as what the terms right and wrong mean, and which actions are right and wrong. People who hold such radically divergent views, however, do not form a society and herein lies the danger for Guyana. To be a society, a group must accept certain fundamental practices and principles. At a basic level, for instance, there must be general agreement that life is worth living, that the lives of the members of the society should be respected, or that people will respect existing differences to the extent that they do not interfere with each other. Some people do not care whether they live or die and also believe it is their moral duty



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to kill others, it may not be possible to convince them they are mistaken. But people with such a view cannot form a society. To the extent that society and morality go together, the morality of a society must be a shared morality, not a radically pluralistic set of opposing moralities. The morality of the gunmen who raided communities in the not too distant past falls in this category. Yet a society may be morally pluralistic on the other three levels. Secondly, a plurality of moral principles within a society does not necessarily mean irreconcilable diversity. Pluralism on the level of moral principles is compatible with social agreement on the morality of many basic practices. Such agreement does not necessarily involve agreement on the moral principles different people use to evaluate practices. The vast majority of the members of our society, for example, agree that murder is wrong. Some members of our society operate only at the level of conventional morality, and do not ask why murder is wrong. Some may believe it is wrong because the Creator in whom they believe forbids such acts; others because it violates human dignity; others because murder has serious consequences for society as a whole, and so on. Each of these involves a different moral principle. These different principles are compatible with similarity of moral judgments.

Further, we look on the third level, where we see specific actions. On this level, we encounter a variety of moral opinions about some of them. This pluralism regarding moral practices may stem from differences of moral principles, but it may also stem from differences of fact or of perception of facts, differences of circumstances, or differences in the weighing of relevant values. Even when there is basic agreement on principles, not all moral issues are clear.

In a changing, dynamic, developing society there is certainly room for moral disagreement, even if there is unanimous agreement that what helps the society to survive is moral. New practices might be seen by conservatives as threatening the society's survival, and the same practice might be championed by others as the necessary means for survival. Pluralism of practices, however, is compatible with areas of agreement, and this is usually the case. On the fourth level of moral pluralism is that of self-realization. As long as the members of a society abide by the basic moral norms, they are allowed, in such a pluralistic society, to choose freely their other values and their lifestyles. This constitutes a kind of moral pluralism, because self-development and fulfilment, according to some views, are moral

matters.

A society that allows divergence of self-development within the basic moral framework tolerates a great many differences that would not be allowed or found in a homogeneous society.

Theories of moral reasoning-teleological and Deontological Theories.

Normative ethical systems can generally be broken down into three categories: deontological, teleological and virtue ethics. The first two are considered deontic or action-based theories of morality because they focus entirely upon the actions which a person performs. When actions are judged morally right based upon their consequences, we have teleological or consequentiality ethical theory. When actions are judged morally right based upon how well they conform to some set of duties, we have a deontological ethical theory.

Whereas these first two systems focus on the question "What should I do?," the third asks an entirely different question: "What sort of person should I be?" With this we have a virtue-based ethical theory - it doesn't judge actions as right or wrong but rather the character of the person doing the actions. The person, in turn, makes moral decisions based upon which actions would make one a good person.

Deontology and Ethics

Deontological moral systems are characterized primarily by a focus upon adherence to independent moral rules or duties. Thus, in order to make the correct moral choices, we simply have to understand what our moral duties are and what correct rules exist which regulate those duties. When we follow our duty, we are behaving morally. When we fail to follow our duty, we are behaving immorally.

Teleology and Ethics

Teleological moral systems are characterized primarily by a focus on the consequences which any action might have (for that reason, they are often referred to as consequent list moral systems, and both terms are used here). Thus, in order to make correct moral choices, we have to have some understanding of what will result from our choices. When we make

choices which result in the correct consequences, then we are acting morally; when we make choices which result in the incorrect consequences, then we are acting immorally.

Virtue

Ethics

Virtue-based ethical theories place much less emphasis on which rules people should follow and instead focus on helping people develop good character traits, such as kindness and generosity. These character traits will, in turn, allow a person to make the correct decisions later on in life. Virtue theorists also emphasize the need for people to learn how to break bad habits of character, like greed or anger. These are called vices and stand in the way of becoming a good person.

Unit III

Concept of business ethics

Business ethics (also **corporate ethics**) is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations. Business ethics has normative and descriptive dimensions. As a corporate practice and a career specialization, the field is primarily normative. Academics attempting to understand business behavior employ descriptive methods. The range and quantity of business ethical issues reflects the interaction of profit-maximizing behavior with non-economic concerns. Interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major corporations and within academia. For example, today most major corporations promote their commitment to non-economic values under headings such as ethics codes and social responsibility charters. Adam Smith said, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." Governments use laws and regulations to point business behavior in what they perceive to be beneficial directions. Ethics implicitly regulates areas and details of behavior that lie beyond governmental control. The emergence of large corporations with limited relationships and sensitivity to the communities in which they operate accelerated the development of formal ethics regimes.

Corporate code of ethics: environment, accountability, Responsibility.

Ethical codes are adopted by organizations to assist members in understanding the difference between 'right' and 'wrong' and in applying that understanding to their decisions. An ethical code generally implies documents at three levels: codes of business ethics, codes of conduct for employees, and codes of professional practice. Many companies use the phrases 'ethical code' and 'code of conduct' interchangeably but it may be useful to make a distinction. A code of ethics will start by setting out the values that underpin the code and will describe a company's obligation to its stakeholders. The code is publicly available and addressed to anyone with an interest in the company's activities and the way it does business. It will include details of how the company plans to implement its values and vision, as well as guidance to staff on ethical standards and how to achieve them. However, a code of conduct is generally addressed to and intended for employees alone. It usually sets out restrictions on behavior, and will be far more compliance or rules focused than value or principle focused. Also this code is good for the Non Governmental Organization. Ethical codes are often adopted by management, not to promote a particular moral theory, but rather because they are seen as pragmatic necessities for running an organization in a complex society in which moral concepts play an important part.

They are distinct from moral codes that may apply to the culture, education, and religion of a whole society.

Often, acts that violate ethical codes may also violate a law or regulation and can be punishable at law or by government agency remedies.

Even organizations and communities that may be considered criminal in nature may have ethical codes of conduct, official or unofficial. Examples could include hacker communities, bands of thieves, and street gangs.

The Jewish Written Torah and Oral Torah comprise the earliest and best preserved ethical code. Adapted to every field of actual day-to-day life since thousands of years, Jewish Halakha is the oldest collective body of religious laws, laws and jurisdictions still in use.

CSR: Arguments for and against

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship or sustainable responsible business/ Responsible Business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. In some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.

The term "corporate social responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed.

Proponents argue that corporations increase long term profits by operating with a CSR perspective, while critics argue that CSR distracts from business' economic role. A 2000 study compared existing econometric studies of the relationship between social and financial performance, concluding that the contradictory results of previous studies reporting positive, negative, and neutral financial impact, were due to flawed empirical analysis and claimed when the study is properly specified, CSR has a neutral impact on financial outcomes.

Critics questioned the "lofty" and sometimes "unrealistic expectations" in CSR. or that CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations.

Political sociologists became interested in CSR in the context of theories of globalization, neo liberalism and late capitalism. Some sociologists viewed CSR as a form of capitalist legitimacy and in particular point out that what began as a social movement against uninhibited corporate power was transformed by corporations into a 'business model' and a 'risk management' device, often with questionable results.

CSR Models drivers and standards

Major drivers of CSR are:

1. Shareholders

Shareholders invest in the capital of the company. The company thus holds the responsibility of a fair dividend and value of investment for the them

2. Employees

The company needs proper conditions for work, financial benefits, participation in decision making and training and motivation.

3. Customers

The customer has to be provide quality goods, complete information, customer service, need based product and regular supply of goods.

4. Community

The company owes the community a pollution free environment, promote artistic and cultural activities and support local health care programs.

5. Organisations

The organisation should have a healthy competition and share resources.

6. Government

The company owes payment of taxes, obeying the law and contributing to national goals.

Unit IV

Issues in social responsibility: Discrimination and Affirmative Action

Discrimination is action that denies social participation or human rights to categories of people based on prejudice. This includes treatment of an individual or group based on their actual or perceived membership in a certain group or social category, "in a way that is worse than the way people are usually treated". It involves the group's initial reaction or interaction, influencing the individual's actual behavior towards the group or the group leader, restricting members of one group from opportunities or privileges that are available to another group,

leading to the exclusion of the individual or entities based on logical or irrational decision making.

Not all discrimination is based on prejudice, however. In the U.S., government policy known as affirmative action was instituted to encourage employers and universities to seek out and accept groups such as African-Americans and women, who have been subject to the opposite kind of discrimination for a long time. Discriminatory traditions, policies, ideas, practices, and laws exist in many countries and institutions in every part of the world, even in ones where discrimination is generally looked down upon. In some places, controversial attempts such as quotas have been used to benefit those believed to be current or past victims of discrimination—but have sometimes been called reverse discrimination themselves.

The best short definition of affirmative action is one that focuses on its aim: "to contribute to the demise of occupational segregation by reducing the racist or sexist impact which bias-free practices . . . have on women and minorities." (Ezorsky, p. 265).

Some authors distinguish two kinds of affirmative action:

Unspecific affirmative action is illustrated by "good faith" outreach efforts to recruit minorities and women (without specific numerical targets) through the advertising of positions . . . *Specific* affirmative action is exemplified in . . . setting numerical hiring goals and . . . validation of qualification requirements. (Ezorsky, *ibid.*)

("Validation of qualification requirements" means that employers must prove that tests used to determine qualifications reliably measure ability to perform the job.)

There are three common myths about affirmative action:

1. Affirmative Action means that incompetent people are given jobs for which they are unqualified.
2. Affirmative Action always involves preferential hiring or admissions for members of certain racial or gender groups.

3. When Affirmative Action involves preferential hiring or admissions, as it sometimes does, this is always discrimination in the bad sense of the term.

Diversity

In sociology and political studies, the term **diversity** (or *diverse*) is used to describe political entities (neighborhoods, student bodies, etc.) with members who have identifiable differences in their cultural backgrounds or lifestyles.

The term describes differences in racial or ethnic classifications, age, gender, religion, philosophy, physical abilities, socioeconomic background, sexual orientation, gender identity, intelligence, mental health, physical health, genetic attributes, behavior, attractiveness, or other identifying features.

In measuring human diversity, a diversity index measures the probability that any two residents, chosen at random, would be of different ethnicities. If all residents are of the same ethnic group it's zero. The diversity index does not take into account the willingness of individuals to cooperate with those of other ethnicities. If half are from one group and half from another it's .50.

Political creeds which support the idea that diversity is valuable and desirable hold that recognizing and promoting these diverse cultures may aid communication between people of different backgrounds and lifestyles, leading to greater knowledge, understanding, and peaceful coexistence. For example, "Respect for Diversity" is one of the six principles of the Global Greens Charter, a manifesto subscribed to by Green parties from all over the world. In contrast to diversity, some political creeds promote cultural assimilation as the process to lead to these ends.

Women in the Workplace: Sexual Harassment and Women's Rights.

Sexual harassment at work can have very serious consequences both for the harassed individual as well as for other working women who experience it second hand.

The consequences to the individual employee can be many and serious. In some situations, a harassed woman risks losing her job or the chance for a promotion if she refuses to give in to the sexual demands of someone in authority. In other situations, the unwelcome sexual

conduct of co-workers makes the working conditions hostile and unpleasant- putting indirect pressure on her to leave the job. Sometimes, the employee is so traumatized by the harassment that she suffers serious emotional and physical consequences—and very often, becomes unable to perform her job properly.

According to data compiled by Equal Rights Advocates, a women's law center in the U.S., 90 to 95% of sexually harassed women suffer from some debilitating stress reaction, including anxiety, depression, headaches, sleep disorders, weight loss or gain, nausea, lowered self-esteem and sexual dysfunction. In addition, victims of sexual harassment lose \$4.4 million dollars in wages and 973,000 hours in unpaid leave each year in the United States.

The consequences to working women as a group are no less serious. Sexual harassment has a cumulative, demoralizing effect that discourages women from asserting themselves within the workplace, while among men it reinforces stereotypes of women employees as sex objects. Severe or pervasive sexual harassment in certain types of businesses creates a hostile or intimidating environment that causes women to leave their jobs and look elsewhere for work or discourages them from seeking those jobs in the first place.

The effect on the morale of all employees can also be serious. Both men and women in a workplace can find their work disrupted by sexual harassment even if they are not directly involved. Sexual harassment can have a demoralizing effect on everyone within range of it, and it often negatively impacts company productivity on the whole.

Advertising and Marketing: False or Deceptive Advertising,

False advertising or **deceptive advertising** is the use of false or misleading statements in advertising, and misrepresentation of the product at hand, which may negatively affect many stakeholders, especially consumers. As advertising has the potential to persuade people into commercial transactions that they might otherwise avoid, many governments around the world use regulations to control false, deceptive or misleading advertising. "Truth" refers to essentially the same concept, that customers have the right to know what they are buying, and that all necessary information should be on the label.

False advertising, in the most blatant of contexts, is illegal in most countries. However, advertisers still find ways to deceive consumers in ways that are legal, or technically illegal but unenforceable.

Hidden fees and surcharges

Service providers often tack on the fees and surcharges that are not disclosed to the customer in the advertised price. One of the most common is for activation of services such as mobile phones and credit cards, but is also common in broadband, telephony, gym memberships, and air travel. In most cases, the fees are hidden in fine print, though in a few cases they are so confused and obfuscated by ambiguous terminology that they are essentially undisclosed. Hidden fees are frequently used in airline and air travel advertising. In the case of motor vehicles, hidden charges may include taxes, registration fees, freight, pre-delivery inspection (PDI), licenses, insurance or other costs associated with getting a vehicle on the road. Airlines and car manufacturers hire firms that disadvantage customers through:

Unfair contract terms, notably with respect to consumer compensation.

- Use customer data for purposes other than they were obtained for.
- Apply unfair fees, charges and penalties on transactions.
- Place artificial restrictions on the time period during which customers can submit claims.

For delivered items in the US, the amount of shipping and handling fees is typically not disclosed (although the fact that there will be such charges is disclosed). Advertisers will often claim an item costs "only" a small amount (or is even "free") when, in fact, the shipping charges enable them to make a profit.

"Going out of business" sales

In many cases, liquidators hired to sell merchandise from a closing store will actually raise the prices on items that were already marked-down on clearance. For items already marked down, this means the liquidator increases the price and then "discounts" it from there. By marking up their prices before discounting, these companies are maintaining their previous profit margin. Also common is for the sale prices at a retail chain's other stores to be lower than the liquidator's prices at the closing stores. Liquidators typically refuse to accept returns,

so if a customer notices being overcharged, there is no apparent recourse. This is used by most advertisers trying to prove the acceptability of their products.

Misuse of the word "free"

The usual meaning of "free" is "devoid of cost or obligation". However, retailers often use the word for something which is merely included in the overall price. One common example is a "buy one, get one free" sale. The second item is not "free" under the normal definition, since, to obtain it, the buyer is obliged to pay the full cost of the first item.

Consumer Safety and Product Liability.

Product liability is the area of law in which manufacturers, distributors, suppliers and retailers are held responsible for any injuries products cause. Regardless of any contractual limitations of liability, if a product or any of its component parts are defective its manufacturer may be liable for damage under the Consumer Protection Act (CPA) or the common law of negligence.

An action under the CPA or for negligence can be brought for death, personal injury and damage caused to private property as the result of a product defect. Neither type of action can be used to compensate for pure economic or consequential loss.

This guide considers claims for a defective product under the Consumer Protection Act. See also our Out-Law Guide to Product Liability for negligence.

Liability under Part I of the CPA

The CPA introduced statutory liability for defective products. Liability under the CPA exists alongside liability in negligence, and in some cases a common law claim may succeed where a claim would not be available under the CPA.

The CPA applies to both products used by consumers and products used in a place of work. The CPA imposes strict liability on manufacturers of defective products for harm caused by those products. This means that people who are injured by defective products can sue for compensation without having to prove that the manufacturer was negligent. It is merely necessary to prove that the product was defective, and that any injury or damage was most likely caused by the product.

Applicability

The CPA applies to all consumer products and products used at a place of work. The inclusion of 'products used at a place of work' extends the scope of the law to include sales of products between businesses rather than just sales to consumers if such products are used in a place of work.

A claim may be brought under the CPA by any person who is injured by a 'defective product', regardless of whether that person purchased the product. A claim may be brought for death, personal injury or damage to private property in excess of £275. However, no claim may be brought for damage to business property or for 'pure' economic losses. In particular, the CPA provides that a claim cannot be made for the loss of or damage to the defective product itself. Other than these restrictions, the CPA imposes no financial limit on the producer's total liability.

Who is liable?

Under the CPA, the 'producer' of a product is liable for any defects. The producer is the manufacturer of the finished product or of a component of the finished product, or any person responsible for an industrial or other process to which any essential characteristic of the product is attributable. Liability may also be imposed on any party who holds itself out to be the producer through the use of a name or trade mark, and any person who imported the product into the European Community.

As such, there may be more than one party liable under the CPA in respect of the same damage. Liability is joint and several, so the injured party may sue any or all of these people. Liability cannot be excluded or limited.

What is a 'defective product'?

A 'product' can include goods, electricity and the component parts of any product. Where a component of or raw material incorporated into a finished product is defective both the manufacturer of the component and the manufacturer of the finished product are potentially liable.

A product is defective for the purposes of the CPA if its safety, including not only the risk of personal injury but also the risk of damage to property, is "not such as persons generally are entitled to expect". A product will not generally be considered defective just because a safer version is later put on the market.

In assessing the safety of the product the court will take into account all of the circumstances, specifically including:

- all aspects of the marketing of the product;
- the use of any mark in relation to the product;
- instructions and warnings;
- What might reasonably be expected to be done with the product at the time the product was supplied.

The Moral Dimensions of Information Technology

Information ethics has been defined as "the branch of ethics that focuses on the relationship between the creation, organization, dissemination, and use of information, and the ethical standards and moral codes governing human conduct in society". It provides a critical framework for considering moral issues concerning informational privacy, moral agency (e.g. whether artificial agents may be moral), new environmental issues (especially how agents should behave in the infosphere), problems arising from the life-cycle (creation, collection, recording, distribution, processing, etc.) of information (especially ownership and copyright, digital divide, and digital rights). Information ethics is related to the fields of computer ethics and the philosophy of information.

Dilemmas regarding the life of information are becoming increasingly important in a society that is defined as "the information society". Information transmission and literacy are essential concerns in establishing an ethical foundation that promotes fair, equitable, and responsible practices. Information ethics broadly examines issues related to ownership, access, privacy, security, and community.

Information technology affects common issues such as copyright protection, intellectual freedom, accountability, privacy, and security. Many of these issues are difficult or impossible to resolve due to fundamental tensions between Western moral philosophies (based on rules, democracy, individual rights, and personal freedoms) and the traditional Eastern cultures (based on relationships, hierarchy, collective responsibilities, and social

harmony). The multi-faceted dispute between Google and the government of the People's Republic of China reflects some of these fundamental tensions.

Professional codes offer a basis for making ethical decisions and applying ethical solutions to situations involving information provision and use which reflect an organization's commitment to responsible information service. Evolving information formats and needs require continual reconsideration of ethical principles and how these codes are applied. Considerations regarding information ethics influence "personal decisions, professional practice, and public policy". Therefore, ethical analysis must provide a framework to take into consideration "many, diverse domains" (ibid.) regarding how information is distributed.

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