



Foundations & Ethics

Business and Society Relationship

VUCA World: Volatile, Uncertain, Complex, Ambiguous business environment.
The Good Company: Encompasses Good Management, Good Organization, and Good Citizenship.
Society: Community with shared traditions, values, and history. Often pluralistic.
Business: Private, commercial enterprises focused on value creation (profit, benefit, cooperative models).
Social Contract: Mutual expectations of behavior between business and society.
Social License: Privilege of operating with public trust, beyond formal restrictions.

Business Ethics

Business Ethics: Guidelines for morally right behavior and truthfulness in business.	Ethical Relativism: Ethical standards vary based on reference point. No universal standards exist.
Level 1 Ethical Assessment: Awareness of Moral/Ethical Implications.	Level 2 Ethical Assessment: Assessed on Individual, Organizational, Economic, Governmental, and Societal Influences.
Level 3 Ethical Assessment: Assessed using Ethical Principles (Systematic Analysis of Outcomes and Benefits vs. Harms to Stakeholders).	Influences on Ethical Behaviour: Government/Legal System, Economic Efficiency, Organizational, Social factors.
Ethics: Philosophy of human behavior regarding moral judgments.	Moral: Personal standards of acceptable behaviors/beliefs.
Ethical Decision-Making: Choosing good goals or right ways to achieve them.	

Ethical Theories

Personal Virtue Ethic: Actions are right if a virtuous person would do them. Strive for virtue.
Ethical Egoism (Self-Interested Ethics): Act according to your own self-interest.
Enlightened Self-Interest: Moderate self-interest, public interest eventually serves individual interest.
Ethic of Caring: Build community through care, reduce harm/suffering of others.

Ethics and Capitalism

Fundamentals of Capitalism

Capitalism: Market-based system, efficient and responsive due to innovation.
Right of Private Property: Legal right to own/use economic goods. <i>Ethical Implication:</i> Can lead to wealth inequality.
Individualism and Economic Freedom: Individual is decision-maker. <i>Ethical Implication:</i> Can lead to selfishness/greed.
Division of Labour: Specialization contributes to goods/services. <i>Ethical Implication:</i> Need holistic views.
Equality of Opportunity: All individuals have an even chance. <i>Ethical Implication:</i> Challenging to achieve in capitalism, leading to inequality.

Capitalism Elements & Ethics

Competition: Forces efficiency and innovation. <i>Ethical Implication:</i> Intense rivalry, short-term focus.	Profits: Reward for risk/efficiency. <i>Ethical Implication:</i> Exploitation, irresponsible behavior if maximized at all costs.
Work Ethic: Value of hard work. <i>Ethical Implication:</i> Exploitation, neglect of work-life balance.	Consumer Sovereignty: Consumers determine goods/services. <i>Ethical Implication:</i> Restricted by business practices/regulations.
Role of Government: Provides infrastructure, protects vulnerable. <i>Ethical Implication:</i> Over-involvement hinders efficiency.	Challenges to Capitalism: Criticisms include exploitation, inequality, environmental degradation, focus on materialism.

Stakeholder & Issues Management

Stakeholder Concepts

Stakeholder: An individual or group who can influence and/or is influenced by the achievement of an organization's purpose.
Rights Holder: An individual, group, or ecosystem that holds legal or inherent rights.
Stakeholder Management: Identifying and responding to stakeholders' actions, interests, and rights.
Core Questions: Who are stakeholders? What are their stakes/issues? What responsibilities does the firm have? What opportunities/challenges exist? What strategies should be taken?

Stakeholder Categories

Primary Stakeholders: Direct stake (employees, shareholders, customers).	Secondary Stakeholders: Indirect stake (communities, governments, media).
External Stakeholders: Stakeholders around the organization.	Internal Stakeholders: Stakeholders within the organization.
Normative Stakeholders: Organization has an obligation to them (financiers, employees).	Derivative Stakeholders: Hold power, can influence beneficially or harmfully (NGOs, competitors).

Issues Management

Issues Management Steps: Identification, Analysis, Ranking, Response Formulation, Implementation, Monitoring/Evaluating.

Corporate Social Responsibility (CSR)

CSR Definition

Corporate Social Responsibility (CSR): Duty an organization has toward itself and society; balancing economic, social, and environmental responsibilities to address shareholder and other stakeholder expectations beyond legal requirements. AKA: Corporate responsibility, accountability, ethics, citizenship, sustainability, stewardship, triple-E bottom line, ESG.

Views on CSR

Shareholder View of CSR: Profit maximization is primary purpose; businesses are responsible to owners. Managers have fiduciary duty to shareholders.
Stakeholder View of CSR: Businesses are responsible to a broader group of stakeholders beyond just shareholders.

CSR Activities

Corporate Giving and Volunteerism: Donations and volunteer efforts, often tied to economic gains.
Sponsorship and Cause-Related Marketing: Engagement forms raising questions of charitable support vs. marketing.
Community Investment: Comprehensive approach to CSR in local, national, or international operations.

Four Concepts of CSR

Duty: Moral imperative to act responsibly.	Responsibility: Accountability for actions and their consequences.
Business: Recognizing the role of the organization in society.	Moral Agency: Viewing the business as capable of ethical decision-making.

CSR Responses

Reactionary: Protecting conventional business, minimizing costs. CSR activities are additions, defensive.
Reputational: How business is portrayed; impressions management, public relations, brand value.
Responsible: Striving for business performance excellence measured by economic, environmental, and social indicators.
Collaborative/Synergistic: Going beyond managing stakeholders to dialoguing and partnering for mutual benefit.
Civil: Corporations act as global citizens, taking on governance functions in areas where governments are absent or ineffective.