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| <b>Course Name</b>   | <b>: Business Ethics &amp; Code of Conduct</b> |
| <b>Course Code</b>   | <b>: APBBA 1106</b>                            |
| <b>Course Level</b>  | <b>: Level 1</b>                               |
| <b>Credit Unit</b>   | <b>: 4 CU</b>                                  |
| <b>Contact Hours</b> | <b>: 60 Hrs</b>                                |

### **Course description**

The course explores the definition of ethics and integrity, constitutional provisions of ethics and integrity, the code of conduct and ethics for the business environment. Among others, it looks at the financial credibility, impartiality, professionalism, diligence, discipline and work ethics. Attendance to duty, time management, manifestation of unethical behavior, cases in ethics. The nature of ethics; good versus evil, right versus wrong, normative ethics and meta ethics; key concepts in ethics, freedom and responsibility, justice and equality. The nature of morality based and morality based on community, morality and conventions. The nature and characteristics of a profession, personal versus professional ethics, the nature and characteristics of the code of conduct and their relationship to the ethics

### **Course objectives**

- To help students learn the basic characteristics of ethics in the business sector.
- To enable students get acquainted with the general theories of business ethics.
- To assist students identify factors that affect a business setting, moral climate and strategies that may improve organizational ethics.
- To ensure students' capacity in employing, assessing the usefulness and limitations of empirical case studies relating to business ethics and accountability.

### **Course content**

#### **Introduction**

- Definition of ethics and integrity
- Constitutional provisions of ethics

#### **Concepts and Philosophy of ethics**

- Scope and braches of ethics
- The philosophy of ethics
- The evolution towards ethical thinking in general
- Rational of ethical thinking

- Freedom and responsibility
- Justice equality and duty
- Good versus evil
- Right versus wrong
- Normative ethics and meta ethics

### **The shift to ethics in business**

- Events leading to ethics thinking in business; accountability, integrity, transparency, work ethics, conflict of interest and confidentiality
- The controversies in business practice; financial credibility, impartiality, professionalism, intelligence, discipline and work ethics, peddling, overcharging, poor quality.

### **Principles in Business ethics**

- Decision making, rights, corporate social responsibility, moral rules, business codes, policies, marked dealings, market controls etc
- Ethics according to different function units

### **Levels of ethics in business**

- Individual levels; attendance to duty, time management, sexual harassment, manifest ions of unethical behavior, cases in ethics
- Organizational level; the corporation as an ethical agent, ethical environment for management decision making
- Societal level, country level and global level

### **Tools of ethics**

- Value systems,
- Rights and duties
- Moral rules
- Human relation ships
- Common morality

The nature of morality based on;

- Reason
- Community
- Conventions

### **Institutionalizing ethics**

- The nature and characteristics of a profession
- Personal versus professional ethics
- Ethical issues in the business industry
- Ethics training programs, socio-audits

### **Challenges of ethics**

- Relativism, changing business environment , field of ethical behavior

**Method of delivery** Face to face lectures

## **Assessment**

**Course Work** 40%

**Exams** 60%

**Total Mark** 100%

**Integrity** is a concept of consistency of actions, values, methods, measures, principles, expectations, and outcomes. In ethics, integrity is regarded as the honesty and truthfulness or accuracy of one's actions. Integrity can be regarded as the opposite of hypocrisy,<sup>[1]</sup> in that it regards internal consistency as a virtue, and suggests that parties holding apparently conflicting values should account for the discrepancy or alter their beliefs.

The word "integrity" stems from the Latin adjective *integer* (whole, complete).<sup>[2]</sup> In this context, integrity is the inner sense of "wholeness" deriving from qualities such as honesty and consistency of character. As such, one may judge that others "have integrity" to the extent that they act according to the values, beliefs and principles they claim to hold.

A value system's abstraction depth and range of applicable interaction may also function as significant factors in identifying integrity due to their congruence or lack of congruence with observation. A value system may evolve over time while retaining integrity if those who espouse the values account for and resolve inconsistencies.

### **Integrity in ethics**

In discussions on behavior and morality, one view of the property of integrity sees it as the virtue of basing actions on an internally consistent framework of principles. This scenario may emphasize depth of principles and adherence of each level of postulates or axioms to those it logically relies upon. One can describe a person as having ethical integrity to the extent that everything that that person does or believes: actions, methods, measures and principles — all of these derive from a single core group of values.

One essential aspect of a consistent framework is its avoidance of any unwarranted (arbitrary) exceptions for a particular person or group — especially the person or group that holds the framework. In law, this principle of universal application requires that even those in positions of official power be subject to the same laws as pertain to their fellow citizens. In personal ethics, this principle requires that one should not act according to any rule that one would not wish to see universally followed. For example, one should not steal unless one would want to live in a world in which everyone was a thief. This was formally described by the philosopher Immanuel Kant in his categorical imperative.

In the context of accountability, integrity serves as a measure of willingness to

adjust a value system to maintain or improve its consistency, when an expected result appears incongruent with observed outcome. Some regard integrity as a virtue in that they see accountability and moral responsibility as necessary tools for maintaining such consistency.

In the context of value theory, integrity provides the expected causation from a base value to its extrapolated implementation or other values. A *value system* emerges as a set of values and measures that one can observe as consistent with expectations.

Some commentators stress the idea of *integrity* as personal honesty: acting according to one's beliefs and values at all times. Speaking about integrity can emphasize the "wholeness" or "intactness" of a moral stance or attitude. Some views of wholeness may also emphasize commitment and authenticity. Ayn Rand considered that integrity "does not consist of loyalty to one's subjective whims, but of loyalty to rational principles".

### **Integrity in modern ethics**

In a formal study of the term "integrity" and its meaning in modern ethics, law professor Stephen L. Carter sees integrity not only as a refusal to engage in behavior that evades responsibility but also as an understanding of different modes or styles in which discourse attempts to uncover a particular truth.

Carter writes that integrity requires three steps: "*discerning* what is right and what is wrong; *acting* on what you have discerned, even at personal cost; and *saying openly* that you are acting on your understanding of right from wrong." He regards integrity as being distinct from honesty.

### **ETHICS**

**Ethics**, also known as **moral philosophy**, is a branch of philosophy that involves systematizing, defending, and recommending concepts of right and wrong behavior.<sup>[1]</sup>

Major areas of study in ethics include:<sup>[1]</sup>

- Meta-ethics, about the theoretical meaning and reference of moral propositions and how their truth values (if any) may be determined;
- Normative ethics, about the practical means of determining a moral course of action;
- Applied ethics, about how moral outcomes can be achieved in specific situations;

The discipline of ethics has three branches: normative ethics, meta-ethics and

applied ethics.

### **Normative Ethics: -**

Normative ethics is the branch of ethics that asks general questions about the morality of behavior; it attempts to provide general moral norms of behavior.

**Normative:** - A normative statement, or question, or theory, concerns how things should be, how they ought to be, rather than how they actually are. [The opposite of “normative” is **descriptive:** A descriptive statement, or question, or theory, concerns how things actually are, not how they ought to be.

So normative ethics is the branch of ethics that tries to answer general questions about how we should behave, how we ought to act. In other words, it attempts to discover general rules or principles of moral behavior. In this area of ethics, you'll find claims like the following:

- If doing x will benefit someone without harming anyone else, then it is morally right for you to do x.

This is a claim about what sort of behavior is morally right in general. It's also a rule you can use to help you decide what is the right thing to do in any given situation.

### **Meta-Ethics: -**

Meta-ethics is the branch of ethics that tries to answer questions about **the nature of morality itself**. It doesn't ask or make judgment about what types of action are moral and immoral; rather, it asks questions like:

- Does morality depend on what we believe about it, or is it independent of our beliefs?
- Does morality depend on what God commands?
- Are moral judgments (statements attributing morality or immorality to a given act, .g. “Murder is immoral”; “Charity is morally good”) capable of being true or false? Or are they simply expressions of emotion? Or something else?
- How can we justify moral claims? How should we justify them?

You can think of meta-ethics as trying to take a position above normative ethics, looking down on it and trying to explain where it comes from. (“meta” means above or about)

### **Applied Ethics: -**

Applied ethics is the branch of ethics that asks relatively concrete questions about the morality of specific actions and policies. The following branches focus on

various issues of applied ethics:

- **Medical ethics** (euthanasia, abortion, human cloning, genetic engineering, fair distribution of prescription drugs and medical treatment etc. For example, it's wrong for doctors to deceive their patients; passive euthanasia is sometimes permissible)
- **Business ethics** (corporate responsibility; rights and obligations of employees; diversity and discrimination etc. For example, lying and deception is permissible in business contexts)
- **Legal ethics** (responsibilities of individuals working in the criminal justice system)
- **Environmental ethics** (it's morally wrong to exterminate rare species of animals and plants; raising animals in factory farms is morally wrong)

**Ethics in education** (teachers ought to provide their students with the access to information)

### **The Evolution towards ethical thinking**

There are several important ideas linked to the emergence of ethical systems: first, that ethical systems evolve in response to the human need to survive in an environment where they are competing with many other organisms for scarce resources; second, that humans survive and flourish by efficiently using their resources and energies; and third, that the evolution of ethical systems is a function of an ongoing cybernetic process involving all humans, animals, and organisms.

Human experiences accumulate as a reservoir of knowledge, which influences the societal perception of which behaviors benefit people and which act counterproductive to their health and welfare. When people deviate from behaviors that are known to be productive, feedback arises that affects their lives in both subtle and obvious ways. Thus, the way in which people write laws and attach moral significance to certain behaviors is linked to a cybernetic process that maximizes human survival, minimizes social conflicts, and increases the meaningfulness of the human experience. Feedback that inspires change enhances the human ability to survive and to compete with other animals and organisms. This is important in the sense that some biologists believe that ninety-nine percent of all species that have ever existed are now extinct.

In order to build a bridge between the biological world of organic struggles for survival and the moral world of right and wrong, a simplified explanation of the evolutionary process is presented. This is necessary to illustrate how survival inspires a cybernetic process leading to the rise of ethical systems. The resulting theory sounds similar to some of the ideas of Thomas Hobbes. Where the two systems differ greatly is that the evolution of ethical systems here is viewed as an extension of a biological process, grounded in cybernetic principles, whereas Hobbesian philosophy derives from traditional ethical thinking touching on linguistic and meta-ethical aspects of reasoning.

What is important to note is how conflicts and potential conflicts act as a form of cybernetic feedback to society that alerts people to make changes in the way they behave. Feedback is an essential ingredient in evolutionary growth. Traffic laws vividly illustrate how the forces of human survival and the need for the synchronization of many parts work.

While the ideas of individual philosophers are not discussed directly, their relevance is implicit in the writing. Biological perspectives likewise do not address biological theory directly on a technical level. Books such as *Living Systems*, by James Grier Miller; *The Selfish Gene*, by Richard Dawkins; and *Mankind Evolving*, by Theodosius Dobzhansky are more appropriate sources, in a field of many good books, for understanding biological phenomena. These three books illuminate the complexity of biological systems in a way that ultimately leads to ethical questions. For instance, the idea of incorporating the notion of organization and efficiency in ethical theory has its analog in Miller's living systems theory. Here it seems evident that successful organic strategies for survival have created extremely complex and efficient hierarchies of order in nature. The principles governing the evolution and survival of lower organisms seem much the same as the forces driving the development of moral systems. Living systems theory invites the question that if organic systems are so incredibly diverse and complex, why would the nature of moral systems be any different, suggesting that philosophical conundrums of the past regarding the nature of morality stem from underestimating the complexity of moral science.

In Richard Dawkins' writings there are illustrations of how pervasive the struggle for survival is. Such struggle involves not only humans but lower organisms, all competing with each other for scarce resources. Dawkins' ideas are important in realizing that humans, after all, still act involuntarily on a biological level. Like it or not, struggles manifest in elegant and concealed forms have endured and proliferated to this day in human societies. Both Miller's and Dawkins' writings lend visual texture to the sense of complex systems uniting in cooperative strategies to further their mutual survival. The rise of ethical systems in this sense is a cooperative effort of humanity that has the effect of optimizing its energies and resources in an ever increasing dynamic of survival guided by cybernetic principles.

Dobzhansky's work is crucial to understanding how human beings adapt to a hostile environment by changing the way their cultures are structured. The idea that human culture is an instrument of biological adaptation is central to perceiving how Dobzhansky, and those who followed him, were perhaps unknowingly the first to establish credible bridge points linking ethics with biology.

## **Rationale of ethical thinking**

Personal Ethics Philosophy

Early ethics philosophers, through their thoughts, understanding, and knowledge, influence and offer guidance regarding questions and practical concerns of individuals today, enabling them to form the best decisions possible (Beckner, 2004). There are three major theories concerning philosophical and ethical theory, deontology, teleology, and virtue ethics. There are also many historical ethics philosophers that give rise to current ethical thinking; however, a single collection of ethical principles upon which to base decisions in an education setting does not exist (Beckner, 2004). Consequently, educational leaders ought to base decisions on their own personal ethics philosophy but bear in mind the moral responsibility to provide for the well being of students and faculty as they endeavor to facilitate student development and learning (Beckner, 2004). Since there is no single collection of ethical principles, a compilation from theories and philosophers into one best personal philosophy will be better apt to guide decisions and actions in an educational setting.

In aligning with Plato, the personal ethics philosophy of this author also contends that eternal life was something that is given in return for good and the notion that the capability to evaluate other individuals exists in the wise and good individual who, by means of pedagogy and knowledge, has come to realize and formulate the best decision (Beckner, 2004). Plato wanted to identify the attributes of an action or group of actions, which indicates that the action is just. His desire was not to have a record of action, but decisive factors for including or not including an action (Beckner, 2004). Furthermore, Plato suggested that in justice all men obtain equal proportions of what he generates, and will complete the purpose for which he is best suited. According to Plato, "A just man is a man in just the right place, doing his best, and giving the full equivalent of what he receives" (Beckner, 2004, p. 36). A society with just men is a well-balanced and effective society, suitable for survival.

This author's personal ethics philosophy also aligns with Aristotle who believed that ethics is joined to the circumstance of being happy or the universal welfare of humankind. Aristotle believed that happiness is an individual's supreme good, the objective to which all human activities add to when correctly completed (Beckner, 2004). Happiness is attained through being occupied with proper activities and by displaying virtues in all facets of life. Aristotle contended that other elements come together to promote goodness, one virtue does not stand alone. Individuals are not guaranteed happiness by living good but by striving for good in all aspects of life (Kemerling, 2007). The result of living a good life will be happiness, although, there will be some instances of chance but also instances that are subject to an individual's control. Aristotle accentuates the significance of values or virtues and how each is an element in making right choices (Beckner, 2004). Aristotle believed in four basic virtues that are included in this personal ethics philosophy: prudence, justice, fortitude, and temperance. Prudence is the realistic skill to recognize and formulate the right choice in particular conditions. Justice consists of fairness, honesty and promise keeping. Fortitude is the courage to take the right action in problematic situations. Temperance possesses the willpower to manage all human obsessions and physical pleasures (Beckner, 2004; Vassallo,



2004). Like Plato, Aristotle contended that the competency to judge is a feature of the wise and good individual who, during the course of teaching and knowledge, has learned to make optimal decisions. Aristotle viewed contemplation as a divine pursuit through which an individual may achieve happiness (Beckner, 2004).

To some degree this personal ethics philosophy aligns with Locke who considered senses and reason suggesting that individuals are born with a "blank slate" for a mind (Beckner, 2004, p. 13). Locke contended that individuals could only understand what they have experienced and that individuals come into the world as good (Nosotro, 2007). Locke also implied the existence of three types of moral law: divine law, civil law, and the law of opinion. Divine law is identified by natural reason or by revelation and reveals an individual's responsibilities and sins. Civil law is arranged by political societies to establish guilt or innocence pertaining to civic concerns. Law of opinion determines goodness and evil by the rules and practices of a specific time, place, and society. Locke contemplated that an individual's notions of good and evil are a product of both sensory and rational encounters. Individuals learn from these encounters and establish the morality of particular events using associations and deductions (Beckner, 2004).

In consideration of specific ethic theories and this personal ethic philosophy, one should use deontology to guiding decisions dependent to what is obviously right and wrong. A list of regulations or code of ethics might be appropriate for this type of circumstance, where there is no justifiable dilemma. A variation of deontology is rule-deontology of which Kant is a proponent and contends that good deeds by individuals do not make them good people unless good will is a supplement of the good deed. In addition, the good will is motivated by an individual's commitment to obligation. Consequently, a deed is good because an individual performs the deed out of a sense of obligation to do what is right (Beckner, 2004).

One should employ teleology thinking to guide decisions where right and wrong is not apparent. In this circumstance, one should reflect on the consequences of action with respect to what will generate the most good and the lowest amount of harm. Teleological thinking occasionally necessitates problematical and challenging efforts to contemplate the consequences of actions, making ethical decisions through rationale and opinion. Thomas Hobbes is a proponent of a variation of teleology; individuals enter into an agreement with a supreme authority to preserve peace and success. This agreement indicates that which is and is not just or ethical (Beckner, 2004).

One should use virtue ethics to concentrate on the interests of other individuals, to develop behavior and qualities of a good person. Caring for other individuals commences to be the fundamental guide to ethical decision-making. One must carefully consider the particular circumstances and correspond decisions accordingly (Beckner, 2004). Plato and Aristotle gave rise to this type of ethical thinking going further than nominal standards for ethical behavior, which place full confidence on a set of essential rules to guide behavior. Individuals should continually aspire to attain a greater moral understanding of ethical behavior

where the benefit to other individuals is a requirement, as opposed to avoiding harm to other individuals (Beckner, 2004).

## Personal Ethics Philosophy Rationale and Facilitating Decision making in Education

Ethics will aid educational leaders to formulate better decisions and discover methods that are effective, sufficient, and justifiable. Effective and competent decisions in educational settings are those, which guide leaders toward the attainment of educational goals. Consequently, educational leaders must determine equilibrium between students, parents, faculty, and administration. In an education setting, the principle goal is student learning, success in proceeding throughout the educational system, and training for future opportunities and obligations. In order to manage the questions and tasks in education, leaders must possess an effective set of principles and beliefs from which to act (Beckner, 2004).

Educational institutions must maintain faculty and administrators who consent to ethical principles. Perceptions of justice, equity, freedom, rights, responsibility, and duty must be collective and present the basis for policies and daily operating decisions. When a conclusion or choice requires an answer, the ethical behavior will result in trust, confidence, and honesty in relationships. Ethical behavior will facilitate collaboration and improve confidence, eluding the barriers produced by mistrust, doubt, and misunderstanding (Beckner, 2004).

## Conclusion

Ethics is the study of moral obligations and the examination of ethical dilemmas (Furman, 2004; Stefkovich & O'Brien, 2004). This personal ethics philosophy will allow this author to be an example to others and follow an ethics philosophy that is consistent with both social and personal beliefs. This personal ethics philosophy will also utilize the beliefs of ethics philosophers such as Plato, Aristotle, Hobbes, Locke, and Kant in order to provide a framework of ethical thinking. A personal ethics philosophy should guide one's actions, although one should always assess and evaluate this philosophy in terms of historical and current thinking, ethical guidelines, professional practice, and personal convictions (Beckner, 2004). The beliefs of ethical philosophers and ethical theory may provide a guide and present standards for ethical behavior, but only personal resolution and daily thought can ensure success in attaining higher levels of ethical behavior (Beckner, 2004).

## **The shift to Ethics in Business**

The events leading to ethics thinking in business include;

### **1.Accountability**

**Accountability** is a concept in ethics and governance with several meanings. It is often used synonymously with such concepts as answerability, blameworthiness, liability, and other terms associated with the expectation of account-giving. As an aspect of governance, it has been central to discussions related to problems in the public sector, nonprofit and private (corporate) worlds. In leadership roles, accountability is the acknowledgment and assumption of responsibility for actions, products, decisions, and policies including the administration, governance, and implementation within the scope of the role or employment position and encompassing the obligation to report, explain and be answerable for resulting consequences.

As a term related to governance, accountability has been difficult to define. It is frequently described as an account-giving relationship between individuals, e.g. "A is accountable to B when A is obliged to inform B about A's (past or future) actions and decisions, to justify them, and to suffer punishment in the case of eventual misconduct". Accountability cannot exist without proper accounting practices; in other words, an absence of accounting means an absence of accountability.

### **Types of accountability**

Bruce Stone, O.P. Dwivedi, and Joseph G. Jabbra list 8 types of accountability, namely: moral, administrative, political, managerial, market, legal/judicial, constituency relation, and professional.<sup>[14]</sup> Leadership accountability cross cuts many of these distinctions.

### **Political accountability**

Political accountability is the accountability of the government, civil servants and politicians to the public and to legislative bodies such as a congress or a parliament.

In a few cases, recall elections can be used to revoke the office of an elected official. Generally, however, voters do not have any direct way of holding elected representatives to account during the term for which they have been elected. Additionally, some officials and legislators may be appointed rather than elected. Constitution, or statute, can empower a legislative body to hold their own members, the government, and government bodies to account. This can be through holding an internal or independent inquiry. Inquiries are usually held in response to an allegation of misconduct or corruption. The powers, procedures and sanctions vary from country to country. The legislature may have the power to impeach the individual, remove them, or suspend them from office for a period of time. The accused person might also decide to resign before trial. Impeachment in the United States has been used both for elected representatives and other civil offices, such as district court judges.

In parliamentary systems, the government relies on the support of parliament, which gives parliament power to hold the government to account. For example, some parliaments can pass a vote of no confidence in the government.

Researchers at the Overseas Development Institute found that empowering citizens in developing countries to be able to hold their domestic governments to account was incredibly complex in practice. However, by developing explicit processes that generate change from individuals, groups or communities (Theories of Change), and by fusing political economy analysis and outcome mapping tools, the complex state-citizen dynamics can be better understood. As such, more effective ways to achieve outcomes can hence be generated.

### **Ethical accountability**

Within an organization, the principles and practices of ethical accountability aim to improve both the internal standard of individual and group conduct as well as external factors, such as sustainable economic and ecologic strategies. Also, ethical accountability plays a progressively important role in academic fields, such as laboratory experiments and field research. Debates around the practice of ethical accountability on the part of researchers in the social field - whether professional or others - have been thoroughly explored by Norma Romm in her work on Accountability in Social Research, including her book on New Racism: Revisiting Researcher Accountabilities, reviewed by Carole Truman in the journal Sociological Research Online. Here it is suggested that researcher accountability implies that researchers are cognisant of, and take some responsibility for, the potential impact of their ways of doing research - and of writing it up - on the social fields of which the research is part. That is, accountability is linked to considering carefully, and being open to challenge in relation to, one's choices concerning how research agendas are framed and the styles in which write-ups of research "results" are created.

### **Administrative accountability**

Internal rules and norms as well as some independent commission are mechanisms to hold civil servant within the administration of government accountable. Within department or ministry, firstly, behavior is bounded by rules and regulations; secondly, civil servants are subordinates in a hierarchy and accountable to superiors. Nonetheless, there are independent "watchdog" units to scrutinize and hold departments accountable; legitimacy of these commissions is built upon their independence, as it avoids any conflicts of interests.

### **Market accountability**

Under voices for decentralization and privatization of the government, services provided are nowadays more "customer-driven" and should aim to provide convenience and various choices to citizens; with this perspective, there are comparisons and competition between public and private services and this,

ideally, improves quality of service. As mentioned by Bruce Stone, the standard of assessment for accountability is therefore “responsiveness of service providers to a body of ‘sovereign’ customers and produce quality service. Outsourcing service is one means to adopt market accountability. Government can choose among a shortlist of companies for outsourced service; within the contracting period, government can hold the company by rewriting contracts or by choosing another company.

### **Constituency relations**

Within this perspective, a particular agency or the government is accountable if voices from agencies, groups or institutions, which is outside the public sector and representing citizens’ interests in a particular constituency or field, are heard. Moreover, the government is obliged to empower members of agencies with political rights to run for elections and be elected; or, appoint them into the public sector as a way to hold the government representative and ensure voices from all constituencies are included in policy-making process.

### **Public/private overlap**

With the increase over the last several decades in public service provision by private entities, especially in Britain and the United States, some have called for increased political accountability mechanisms to be applied to otherwise non-political entities. Legal scholar Anne Davies, for instance, argues that the line between public institutions and private entities like corporations is becoming blurred in certain areas of public service provision in the United Kingdom and that this can compromise political accountability in those areas. She and others argue that some administrative law reforms are necessary to address this accountability gap.<sup>[16]</sup>

With respect to the public/private overlap in the United States, public concern over the contracting out of government (including military) services and the resulting accountability gap has been highlighted recently following the shooting incident involving the Blackwater security firm in Iraq.

## **2. Transparency**

Transparency, as used in science, engineering, business, the humanities and in a social context more generally, implies openness, communication, and accountability. Transparency is operating in such a way that it is easy for others to see what actions are performed. For example, a cashier making change at a point of sale by segregating a customer's large bills, counting up from the sale amount, and placing the change on the counter in such a way as to invite the customer to verify the amount of change demonstrates transparency.

## **3. Conflict of Interest**

A conflict of interest (COI) occurs when an individual or organization is involved in multiple interests, one of which could *possibly* corrupt the motivation for an act in the other. The presence of a conflict of interest is independent from the execution of impropriety. Therefore, a conflict of interest can be discovered and voluntarily defused before any corruption occurs.

## **Ways to mitigate conflicts of interests**

### **Removal**

The best way to handle conflicts of interests is to avoid them entirely. For example, someone elected to political office might sell all corporate stocks that they own before taking office, and resign from all corporate boards. Or that person could move their corporate stocks to a special trust, which would be authorized to buy and sell without disclosure to the owner. (This is referred to as a "blind trust".) With such a trust, since the politician does not know in which companies they have investments, there should be no temptation to act to their advantage.

### **Disclosure**

Commonly, politicians and high-ranking government officials are required to disclose financial information - assets such as stock, debts such as loans, and/or corporate positions held, typically annually. To protect privacy (to some extent), financial figures are often disclosed in ranges such as "\$100,000 to \$500,000" and "over \$2,000,000".

Certain professionals are required either by rules related to their professional organization, or by statute, to disclose any actual or potential conflicts of interest. In some instances, the failure to provide full disclosure is a crime.

### **Recusal**

Those with a conflict of interest are expected to recuse themselves from (i.e., abstain from) decisions where such a conflict exists. The imperative for recusal varies depending upon the circumstance and profession, either as common sense ethics, codified ethics, or by statute. For example, if the governing board of a government agency is considering hiring a consulting firm for some task, and one firm being considered has, as a partner, a close relative of one of the board's members, then that board member should not vote on which firm is to be selected. In fact, to minimize any conflict, the board member should not participate in any way in the decision, including discussions.

Judges are supposed to recuse themselves from cases when personal conflicts of interest may arise. For example, if a judge has participated in a case previously in some other judicial role he/she is not allowed to try that case. Recusal is also expected when one of the lawyers in a case might be a close personal friend, or when the outcome of the case might affect the judge directly, such as whether a

car maker is obliged to recall a model that a judge drives. This is required by law under Continental civil law systems and by the Rome Statute, organic law of the International Criminal Court.

### **Third-party evaluations**

Consider a situation where the owner of a majority of a publicly held corporation decides to buy out the minority shareholders and take the corporation private. What is a fair price? Obviously it is improper (and, typically, illegal) for the majority owner to simply state a price and then have the (majority-controlled) board of directors approve that price. What is typically done is to hire an independent firm (a third party), well-qualified to evaluate such matters, to calculate a "fair price", which is then voted on by the minority shareholders.

Third-party evaluations may also be used as proof that transactions were, in fact, fair ("arm's-length"). For example, a corporation that leases an office building that is owned by the CEO might get an independent evaluation showing what the market rate is for such leases in the locale, to address the conflict of interest that exists between the fiduciary duty of the CEO (to the stockholders, by getting the lowest rent possible) and the personal interest of that CEO (to maximize the income that the CEO gets from owning that office building by getting the highest rent possible).

conclusion Generally, forbid conflicts of interests. Often, however, the specifics can be controversial. Should therapists, such as psychiatrists, be allowed to have extra-professional relations with patients, or ex-patients? Should a faculty member be allowed to have an extra-professional relationship with a student, and should that depend on whether the student is in a class of, or being advised by, the faculty member?

Codes of ethics help to minimize problems with conflicts of interests because they can spell out the extent to which such conflicts should be avoided, and what the parties should do where such conflicts are permitted by a code of ethics (disclosure, recusal, etc.). Thus, professionals cannot claim that they were unaware that their improper behavior was unethical. As importantly, the threat of disciplinary action (for example, a lawyer being disbarred) helps to minimize unacceptable conflicts or improper acts when a conflict is unavoidable.

As codes of ethics cannot cover all situations, some governments have established an office of the ethics commissioner. Ethics commissioner should be appointed by the legislature and should report to the legislature.

#### **4. Secrecy and confidentiality**

Confidentiality is an ethical principle associated with several professions (e.g., medicine, law, psychotherapy). In ethics, and (in some places) in law and alternative forms of legal resolution such as mediation, some types of communication between a person and one of these professionals are "privileged" and may not be discussed or divulged to third parties.

Confidentiality of information, enforced in an adaptation of the military's classic "need to know" principle, forms the cornerstone of information security in today's corporations. The so called 'confidentiality bubble' restricts information flows, with both positive and negative consequences.

## **5. Work Ethics**

Work ethic is a set of values based on hard work and diligence. It is also a belief in the moral benefit of work and its ability to enhance character. An example would be the Protestant work ethic. A work ethic may include being reliable, having initiative, or pursuing new skills.

Workers exhibiting a good work ethic in theory should be selected for better positions, more responsibility and ultimately promotion. Workers who fail to exhibit a good work ethic may be regarded as failing to provide fair value for the wage the employer is paying them and should not be promoted or placed in positions of greater responsibility.

### **Criticisms of work Ethics**

Slacker and hippie cultures, as well as hackers, have challenged these values in recent times, characterizing them as submissive to authority and convention, and not valuable in and of themselves, but only if it brings a positive result. An alternative perspective has arisen in recent years, suggesting that the work ethic is being subverted in a broader, more mainstream and more readily marketed-to proportion of society. This perspective has given rise to the phrase "work smart".

In the 19th century, the Arts and Crafts movement of William Morris in the UK and Elbert Hubbard in the US noted how "alienation" of workers from ownership of the tools of production and their work product was destructive of the work ethic because in the expanding firms of that era, the workers saw no point in doing more than the minimum.

The industrial engineer Frederick Winslow Taylor revised the notion of work ethic to include giving up control over the work process to management so that the latter could study and "rationalize" the work process, and the notion of work ethic thereafter included acknowledgment of management control.

Marxists, and some non-Marxist sociologists, think "work ethic" is not a useful sociological concept. They argue having a "work ethic" in excess of management's control doesn't appear rational in any mature industry where the employee can't



rationality hope to become more than a manager whose fate still depends on the owner's decisions.

## **Principles in 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 both 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."<sup>[1]</sup> 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.

## **Twelve Ethical Principles for Business Executives**

Ethical values, translated into active language establishing standards or rules describing the kind of behavior an ethical person should and should not engage in, are ethical principles. The following list of principles incorporates the characteristics and values that most people associate with ethical behavior. Ethical decision making systematically considers these principles. **HONESTY.** Ethical executives are honest and truthful in all their dealings and they do not deliberately mislead or deceive others by misrepresentations, overstatements, partial truths, selective omissions, or any other means.

**INTEGRITY.** Ethical executives demonstrate personal integrity and the courage of their convictions by doing what they think is right even when there is great pressure to do otherwise; they are principled, honorable and upright; they will fight for their beliefs. They will not sacrifice principle for expediency, be hypocritical, or unscrupulous.

**PROMISE-KEEPING & TRUSTWORTHINESS.** Ethical executives are worthy of trust. They are candid and forthcoming in supplying relevant information and correcting misapprehensions of fact, and they make every reasonable effort to fulfill the letter and spirit of their promises and commitments. They do not interpret agreements in an unreasonably technical or legalistic manner in order to rationalize non-compliance or create justifications for escaping their commitments.

**LOYALTY.** Ethical executives are worthy of trust, demonstrate fidelity and loyalty to persons and institutions by friendship in adversity, support and devotion to duty; they do not use or disclose information learned in confidence for personal advantage. They safeguard the ability to make independent professional judgments by scrupulously avoiding undue influences and conflicts of interest. They are loyal to their companies and colleagues and if they decide to accept other employment, they provide reasonable notice, respect the proprietary information of their former employer, and refuse to engage in any activities that take undue advantage of their previous positions.

**FAIRNESS.** Ethical executives are fair and just in all dealings; they do not exercise power arbitrarily, and do not use overreaching nor indecent means to gain or maintain any advantage nor take undue advantage of another's mistakes or difficulties. Fair persons manifest a commitment to justice, the equal treatment of individuals, tolerance for and acceptance of diversity, they are open-minded; they are willing to admit they are wrong and, where appropriate, change their positions and beliefs.

**CONCERN FOR OTHERS.** Ethical executives are caring, compassionate, benevolent and kind; they like the Golden Rule, help those in need, and seek to accomplish their business objectives in a manner that causes the least harm and the greatest positive good.

**RESPECT FOR OTHERS.** Ethical executives demonstrate respect for the human dignity, autonomy, privacy, rights, and interests of all those who have a stake in their decisions; they are courteous and treat all people with equal respect and dignity regardless of sex, race or national origin.

**LAW ABIDING.** Ethical executives abide by laws, rules and regulations relating to their business activities.

**COMMITMENT TO EXCELLENCE.** Ethical executives pursue excellence in performing their duties, are well informed and prepared, and constantly endeavor to increase their proficiency in all areas of responsibility.

**LEADERSHIP.** Ethical executives are conscious of the responsibilities and opportunities of their position of leadership and seek to be positive ethical role models by their own conduct and by helping to create an environment in which principled reasoning and ethical decision making are highly prized.

**REPUTATION AND MORALE.** Ethical executives seek to protect and build the company's good reputation and the morale of its employees by engaging in no conduct that might undermine respect and by taking whatever actions are necessary to correct or prevent inappropriate conduct of others.

**ACCOUNTABILITY.** Ethical executives acknowledge and accept personal accountability for the ethical quality of their decisions and omissions to themselves, their colleagues, their companies, and their communities.

### **Tools of Ethics**

1. **value system** is a set of consistent ethic values (more specifically the personal and cultural values) and measures used for the purpose of ethical or ideological integrity. A well-defined *value system* is a moral code.
2. **Morality** (from the Latin *moralitas* "manner, character, proper behavior") is the differentiation of intentions, decisions, and actions between those that are good (or right) and those that are bad (or wrong). A *moral code* is a system of morality (for example, according to a particular philosophy, religion, culture, etc.) and a *moral* is any one practice or teaching within a moral code. The adjective *moral* is synonymous with "good" or "right." *Immorality* is the active opposition to morality (i.e. good or right), while *amorality* is variously defined as an unawareness of, indifference toward, or disbelief in any set of moral standards or principles.
3. An **interpersonal relationship** is an association between two or more people that may range from fleeting to enduring. This association may be based on inference, love, solidarity, regular business interactions, or some other type of social commitment. Interpersonal relationships are formed in the context of social, cultural and other influences. The context can vary from family or kinship relations, friendship, marriage, relations with associates, work, clubs, neighborhoods, and places of worship. They may be regulated by law, custom, or mutual agreement, and are the basis of social groups and society as a whole. A relationship is normally viewed as a connection between two individuals, such as a romantic or intimate relationship, or a parent-child relationship. Individuals can also have relationships with groups of people, such as the relation between a pastor and his congregation, an uncle and a family, or a mayor and a town. Finally, groups or even nations may have relations with each other, though this is a much broader domain than that covered under the topic of interpersonal relationships. See such articles as international relations for more information on associations between groups. Most scholarly work on relationships focuses on the small subset of interpersonal relationships involving romantic partners in pairs or dyads.

### **WHY THE ETHICS CHALLENGE?**

The newspapers (and our blog) are full of unethical politicians; the sports pages full of rule-breaking players and parents; the business news full of

sleazy companies and greedy CEOs; the education pages full of students who cheat on exams. Perhaps you really do have to cheat to win. Perhaps you need to shade the truth to get ahead. Good people hear that “everybody does it,” and wonder.

Read *THE ETHICS CHALLENGE: Strengthening Your Integrity in a Greedy World* and wonder no more. This breezy, story-filled guide to becoming a more ethical person explains why ethical behavior is a winning strategy, then lays out six things everyone can do to keep strong and to follow their good intentions:

**Embrace your purpose:** Clarity of purpose leads to clarity of conduct. If you’re not clear about your non-negotiable values you’ll be unclear when faced with ethical uncertainty.

**Test your excuses:** “It’s not my fault.” “I didn’t have time.” Everybody else was doing it.” It is human nature to make excuses, but our excuses deprive us of the opportunity to learn from our mistakes. Two minutes of brutal honesty can save months of regret.

**Harness your moods:** It’s easy, especially in pressure situations, to let our moods master us. The more pressure we are under, the more likely we are to violate our own sense of what’s right. First be aware of our moods, especially under pressure. Then harness them.

**Insist on integrity:** Everyone has an integrity gap—the distance between what we say we believe and how we actually behave. The key is to continually be growing in integrity so that the gap lessens and our beliefs and our behaviors come closer to alignment. The successful person is intentional about closing the integrity gap.

**Cultivate trust:** Act in a trustworthy way and trust others to do the same—until you have a good reason not to. The Golden Rule applies in the area of trust as well.

**Self-differentiate:** Self-differentiation is clarity about who you are as distinct from those to whom you’re connected. Failure to self-differentiate promotes group-think, the careless willingness to let the group do your thinking for you. Don’t ignore the group, but be aware enough to know where the group ends and we begin.

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