

School of Engineering

Engineering Ethics and Corporate Social Responsibility

Ethics and CSR

☐ **Ethics**

- ☐ The study of moral obligation
Involving right verses wrong

☐ **Corporate Social Responsibility**

- ☐ The idea that business has a social responsibility above and beyond making a profit
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Ethics

□ **Ethics** is a branch of philosophy which seeks to address questions about morality, such as:

- how a moral outcome can be achieved in a specific situation;
 - how moral values should be determined;
 - what moral values people actually abide by;
 - what the fundamental nature of ethics or morality is; and
 - how moral capacity or moral agency develops and what its nature is.
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Carroll's Global corporate social responsibility pyramid



Activity: What if

Read the article provided and 'vote'
on the scenarios presented

Discuss your choices with others in the
group

Ethical and Socially Responsible Business

- ❑ Ethical business is concerned with the social responsibility of business and incorporates such issues as 'green business'
 - ❑ Essentially it is business carried out with concern for the major stakeholders and the environment
 - ❑ There is a growing belief that ethical business is linked to enhanced performance.
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The Perspectives on Ethical and Social Responsibility

Perspective

Basic Tenets

1. Economic Responsibility

- ☐ The responsibility of business is to make a profit within the 'rules of the game'
- ☐ Organisations cannot be moral agents. Only individuals can serve as moral agents

2. Public Responsibility

- ☐ Business should act in such a way that is consistent with society's view of responsible behaviour, as well as with established laws and policies

3. Social Responsiveness

- ☐ Business should proactively seek to contribute to society in a positive way
 - ☐ Organisations should develop an internal environment that encourages and supports ethical behaviour at an individual level
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Business Ethics

‘Business Ethics studies existing corporate policies that have an impact on human and environmental well-being. These actual policies and behaviours constitute business morality, which is expressed as a given set of convictions and activities, both inside and outside a corporation, on business issues’.

(Peter Pratley, *The Essence of Business Ethics*, 1997)

The History of Business Ethics (1)

- ❑ Ethical approaches to business can be traced back to the early paternalism of employers such as Cadbury and Rowntree, although the focus was mainly on employees.
- ❑ Early in the 20th Century, concerns arose out of the growth of big business and the need to curb the power of the large corporation
- ❑ Lobbying for improved terms and conditions at work arose from the growth of the trade union movement
- ❑ In the post-war era interest in ethical business was related to the 1960s reaction to materialism, the activities of some multi-nationals in the Third World and increasing concern and publicity about pollution.

The History of Business Ethics (2)

- By the late 1980s there was mounting scientific evidence to indicate environmental problems
- These included:
 - The damage to lakes and forests from 'acid rain'
 - The discovery of holes in the ozone layer caused by CFC gases
 - The likely 'greenhouse effect' arising from carbon dioxide emissions
 - The depletion of non-renewable resources e.g. oils, minerals
 - The consumption of renewable resources faster than they are being replaced e.g. timber, fisheries
 - Emissions from industrial processes that enter water systems and the atmosphere.

The History of Business Ethics

(3)

- The erosion of the topsoil and its contamination by chemical inputs
 - The entry of toxic waste into the environment through the production processes and household consumption
 - The demands of transport systems on energy sources and land space while creating additional gas emissions.
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Business-related ethical issues

Some general examples:

- ☐ Building projects for environmentally sensitive sites
 - ☐ Payment of low wages to vulnerable, non-unionised workers
 - ☐ Safety expenditure levels
 - ☐ Factory closures in depressed areas
 - ☐ 'Cooking the books' in accounts
 - ☐ Promptness of payment to small firm creditors
 - ☐ Use of executive expense accounts
 - ☐ Gifts to clients or customers
 - ☐ Depiction of women in advertising
 - ☐ Exploitation of resources in developing countries.
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Education-related ethical issues

Some general examples:

- ☐ Plagerism
 - ☐ Common working
 - ☐ Bunking off lectures
 - ☐ Cheating in Exams
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Automotive-related ethical issues

Some general examples:

□ ?

Automotive-related ethical issues

Some general examples

□ Recalls

- Ford Pinto
 - Toyota throttle pedal
 - Toyota hybrid brake blending
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Corporate Social Responsibility

- ❑ Corporate Responsibility, Corporate Citizenship, Responsible Business, Corporate Social Performance, etc.
 - ❑ Essentially a built-in, self-regulating mechanism whereby businesses monitor and ensure their adherence to law and ethical standards and principles
 - ❑ Businesses acknowledge their responsibility for the impact of their activities on the environment, consumers, employees, communities, stakeholders, etc.
 - ❑ Further to this, they actively promote the public interest by encouraging community growth and development and voluntarily eliminating practices that harm the public sphere, regardless of legality.
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The Ford Motor Company

Corporate Social Responsibility Statement

You're our customer but, in the global community, you're also our neighbour. Being a good corporate citizen is an essential part of how we do business. Both globally and locally, we have an ongoing commitment to helping and supporting the communities we operate in, better understanding environmental issues and investing in our people.

We define corporate social responsibility as being willing to help others, being environmentally conscious and socially tolerant. With those guiding principles in mind, we've designed a special programme to promote tolerance and equal opportunities, and actively support social and environmental protection programmes.

The Ford Motor Company

Corporate Social Responsibility Statement

Through our 'Ford Britain Trust' we provide grants to fund local education and other not-for-profit projects. We were also the first car manufacturer to obtain ISO 14040 certification, an international environmental standard, for all of our facilities worldwide.

Our Skills for Life strategy aims to develop a skilled workforce committed to improving the business whilst maintaining employment opportunities now and for the future. The programme has been recognised by 'Business in the Community's Awards for Excellence' as a strategy that is both sustainable and highly effective, something we are very proud of.

Microsoft UK

Microsoft is a large organisation which has a great impact on many people's lives. Our size and influence mean that we can connect societies to help people reach their true potential. But with that power comes great responsibility. Citizenship for Microsoft is about taking responsibility for the impacts we have on society, through our technology, our business and our behaviour. Yes, it's about protecting our reputation and promoting our brand—that's just good business sense—but it's also about listening to what society want and expect from us.

The more time and effort we put into our Citizenship and its programmes the more we are learning. What we know now, however, is that in the near future Microsoft can make two important contributions for the people of the UK:

- By using our technology, we can give everyone the chance to be successful, experience wellbeing and be prosperous - what we call fair access to economic and social opportunity.
 - By ensuring that technology is safe, so that people have the confidence to use it both at work and within the home.
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Microsoft UK

Environmental Impact

At Microsoft UK, we are committed to protecting our natural resources. We follow strict policies to ensure that we always comply with international and local environmental regulations. As well as recycling materials from paper to copper wire and cabling, we also recycle surplus technology such as PCs and servers. An example project of our commitment is a programme called Microsoft Authorised Refurbisher (MAR), so that we can refurbish PCs and donate them to schools and non-governmental organisations (NGOs) worldwide.

These contributions are a great place to start. And while we certainly don't have all the answers yet, by working with our employees, partners, the IT industry and Government, we are able to go some way to making a positive impact, both socially and economically.

Corus

We take our responsibilities seriously. Our objective is to be world class.

For Corus, corporate responsibility involves the integration of our financial and strategic goals with:

- ❑ A commitment to the health, safety and well-being of its employees and communities.
- ❑ A focus on improving environmental performance and providing sustainable products.
- ❑ Conducting all aspects of its business with honesty and integrity.

Environment Policy

We are committed to minimising the environmental impact of our operations and our products through the adoption of sustainable practices and continuous improvement in environmental performance.

Performance

We believe that respect for the environment is critical to the success of our business and our aim, therefore, is to continuously improve our performance.

Activity: Ethical Principles

Consider the Corporate Social Responsibility Statements provided and, in small groups, answer the task set

Why companies promote their ethical principals

- ❑ The ethical approach to business was once the province of small firms e.g. The Body Shop
 - ❑ However, there has been a considerable shift in consumer expectations
 - ❑ Most firms now realise the potential of being seen to be 'green' and include their objectives and actions on environmental issues in their company reports and PR activities.
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Why companies promote their ethical principals

- ❑ The branding of goods as 'ethical' or 'socially responsible' is good PR and can lead to increased sales
 - ❑ The costs of not behaving responsibly can be considerable – bad publicity, targeted by pressure/action groups
 - ❑ There are increasing government pressures on firms to conform to national and international standards on social and environmental matters
 - ❑ In order to do business with some companies, suppliers often have to comply with a code of ethical conduct.
(e.g. ISO 14001 Environmental Management)
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Pressure Groups

- ❑ A pressure group is an organisation campaigning to achieve changes in attitudes and behaviour and often seeking changes in the law

 - ❑ Pressure groups :
 - Wish to influence business decisions
 - Appeal to the concept of social responsibility
 - Appeal for public support
 - Seek publicity for their cause
 - Publish supporting materials
 - Campaign through advertising, mass media coverage, petitions, demonstrations, etc.
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Activity:

Make a list of all the pressure groups you are aware of, and their 'cause'

Some problems and issues with ethical business:

- ❑ While awareness and acceptance is widespread amongst larger firms, many traditional managers still believe there to be a basic conflict between ethical business and profitable business
 - ❑ In some cases the 'greening' of products is seen as a 'marketing ploy', particularly when consumers have been misled
 - ❑ In some cases the costs of environmentally friendly business can be expensive
 - ❑ Different legal and cultural standards apply in different parts of the world
 - ❑ Different stakeholders have different requirements.
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Ethical Decision-Making

- In reality, ethical decision-making in business has two dimensions:
 - The ethics of the *individual* decision maker; and
 - The ethics of the *organisation*.

Activity: Would You ...?

How people tend to rationalise unethical conduct

- Denial of responsibility
 - What can I do?
 - My arm is being twisted
 - Denial of injury
 - No one was really harmed
 - It could have been worse
 - Denial of victim
 - They deserved it
 - They chose to participate
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How people tend to rationalise unethical conduct

☐ Social weighting

- You have no right to criticise us
- Others are worse than us.

☐ Appeal to higher loyalties

- We did it for a more important cause
- I would not report it 'cause I'm loyal to Co. boss, colleagues

☐ Metaphor of the ledger

- We've earned the right
- It's ok to surf the web, 'cause I do overtime

12 Questions to Question your decision

- ☐ 1. Have you defined the problem accurately?
 - ☐ 2. How would you define the problem from the other side of the fence ?
 - ☐ 3. How did the situation occur in the first place ?
 - ☐ 4. To whom and to what do you give your loyalty as a person and as a member of a company?
 - ☐ 5. What is your intention in making this decision ?
 - ☐ 6. How does this intention compare with probable results?
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12 Questions to Question your decision

- ☐ 7. Whom could your decision or action harm?
 - ☐ 8. Can you discuss the decision with affected parties before making it?
 - ☐ 9. Are you confident your position will be as valid over a long time as it appears now ?
 - ☐ 10. Could you disclose you decision without a qualm to CEO, the board, family & friends?
 - ☐ 11. What is the symbolic potential of your action if it is understood or misunderstood?
 - ☐ 12. Under what conditions would you allow exceptions to your stand?
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