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MBA Management Ethics: Basic Models

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AN ETHICAL DILEMMA 1**No such thing as a free drink?**

A good friend of yours, who studies at the same university, has been complaining for some time to you that he never has any money. He decides that he needs to go out and find a job, and after searching for a while is offered a job as a bartender in the student bar at your university. He gladly accepts and begins working three nights a week. You too are pleased, not only because it means that your friend will have more money, but also because the fact is that you often go to the student bar already and so will continue to see him quite frequently despite him having the new job.

The extra money is indeed much welcomed by your friend (especially as he has less time to spend it now too), and initially he seems to enjoy the work. You are also rather pleased with developments since you notice that whenever you go up to the bar, your friend always serves you first regardless of how many people are waiting.

After a time though, it becomes apparent that your friend is enjoying the job rather less. Whenever you see him, he always seems to have a new story of mistreatment at the hands of the bar manager, such as getting the worst shifts, being repeatedly chosen to do the least popular jobs, and being reprimanded for minor blunders that go uncensored for the rest of the staff.

This goes on for a short while and then one day, when you are in the bar having a drink with some of your other friends, your friend the bartender does something that you are not quite sure how to react to. When you go up to pay for a round of four beers for you and your other friends, he discretely only charges you for one. Whilst you are slightly uncomfortable with this, you certainly don't want to get your friend into any kind of trouble by mentioning it. And when you tell your friends about it, they of course think it is very funny and congratulate you for the cheap round of drinks! In fact, when the next one of your friends goes up to pay for some drinks, he turns around and asks you to take his money, so that you can do the same trick for him. Although you tell him to get his own drinks, your friend the bartender continues to undercharge you whenever it is your turn to go to the bar. In fact this goes on for a number of visits, until you resolve to at least say something to him when no one else behind the bar is listening. However, when you do end up raising the subject he just laughs it off and says, 'Yeah, it's great isn't it? They'll never notice and you get a cheap night out. Besides, it's only what this place deserves after the way I've been treated.'

Questions

- 1 Who is wrong in this situation—your friend for undercharging you, you for accepting it, both of you, or neither of you?
- 2 Confronted by this situation, how would you handle it? Do nothing or ask your friend to stop undercharging you? If you take the latter option, what would you do if he refused?

- 3 To what extent do you think that being deliberately undercharged is different from other forms of preferential treatment, such as serving you in front of other waiting customers?
- 4 Does the fact that your friend feels aggrieved at the treatment he receives from his boss condone his behaviour at all? Does it help to explain either his or your actions?

Defining morality, ethics, and ethical theory

Some of the controversy regarding business ethics is no doubt due to different understandings of what constitutes morality or ethics in the first place. Before we continue then, it is important for us to sort out some of the terminology we are using.

In common usage, the terms 'ethics' and 'morality' are often used interchangeably. This probably does not pose many real problems for most of us in terms of communicating and understanding things about business ethics. However, in order to clarify certain arguments, many academic writers have proposed clear differences between the two terms (e.g. Crane 2000; Parker 1998b). Unfortunately, though, different writers have sometimes offered somewhat different distinctions, thereby serving more to confuse us than clarify our understanding.¹ Nonetheless, we do agree that there are certain advantages in making a distinction between 'ethics' and 'morality', and following the most common way of distinguishing them, we offer the following definitions:

Morality is concerned with the norms, values, and beliefs embedded in social processes which define right and wrong for an individual or a community.

Ethics is concerned with the study of morality and the application of reason to elucidate specific rules and principles that determine right and wrong for a given situation. These rules and principles are called ethical theories.

According to this way of thinking, morality precedes ethics, which in turn precedes ethical theory (see Figure 1.2). All individuals and communities have morality, a basic sense of right or wrong in relation to particular activities. Ethics represents an attempt to systematize and rationalize morality, typically into generalized normative rules that supposedly offer a solution to situations of moral uncertainty. The outcomes of the codification of these rules are ethical theories, such as rights theory or justice theory.

A word of caution is necessary here. The emergence of the formal study of ethics has been aligned by a number of authors (e.g. Bauman 1993; Johnson and Smith 1999;

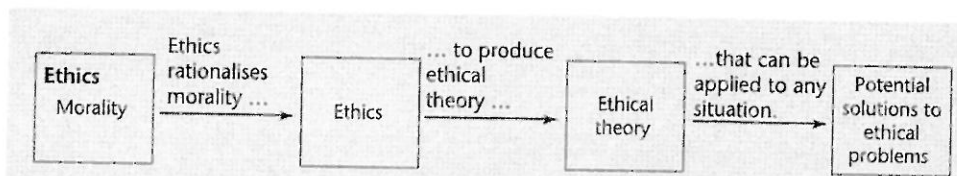


Figure 1.2. The relationship between morality, ethics, and ethical theory

Parker 1998b) with the modernist Enlightenment project, and the idea that moral uncertainty can be 'solved' with recourse to human rationality and abstract reasoning. As we shall show in Chapters 3 and 4, this has come under increasing attack from a number of quarters, including feminists and postmodernists. However, it is important at this stage to recognize that *ethics* is about some form of rationalization of *morality*. The importance of this distinction will hopefully therefore become clearer, and will certainly become more pertinent, as we start to examine these and other theories (in Chapter 3), as well as assessing how they feed into ethical decision-making in business (in Chapter 4). Indeed, contributing to the enhancement of ethical decision-making is one of the primary aims of this book, and of the subject of business ethics more generally. In the next section, we shall briefly review this and some of the other reasons why studying business ethics is becoming increasingly important today across the globe.

■ Why is business ethics important?

Business ethics is currently a very prominent business topic, and debates and dilemmas surrounding business ethics have attracted a lot of attention from various quarters. For a start, consumers and pressure groups have increasingly demanded that firms seek out more ethical and ecologically sounder ways of doing business. The media has also kept a constant spotlight on corporate abuses and malpractices. And even firms themselves appear to be increasingly recognizing that being ethical (or at the very least, being seen to be ethical) may actually be good for business. Ethical issues confront organizations whatever line of business they might be in. **Ethics in Action 1.1**, for example, provides an illustration of how Sam Roddick has taken the unusual step of opening an ethical 'erotic boutique' aimed at the luxury end of the sex toys and erotic lingerie market.

There are therefore many reasons why business ethics might be regarded as an increasingly important area of study, whether as students interested in evaluating business activities or as managers seeking to improve their decision-making skills. In summary, we can suggest the following reasons why a good understanding of business ethics is important:

- 1 The power and influence of business in society is greater than ever before. Evidence suggests that many members of the public are uneasy with such developments (Bernstein 2000). For instance, one recent poll of more than 20 leading economic nations revealed that almost 75% of residents believed large companies had too much influence on the decisions of their government (Cywinski 2008). Business ethics helps us to understand why this is happening, what its implications might be, and how we might address this situation.
- 2 Business has the potential to provide a major contribution to our societies, in terms of producing the products and services that we want, providing employment, paying taxes, and acting as an engine for economic development, to name just a few examples. How, or indeed whether, this contribution is made raises significant ethical issues that go to the heart of the social role of business in contemporary society. As a 2008 global survey conducted by McKinsey shows, about 50% of business executives think that corporations make a mostly or somewhat positive contribution to society, whilst



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ETHICS IN ACTION 1.1

Ethical sex?

Most people will have heard of Anita Roddick, the charismatic founder of the Body Shop chain of shops, and one of the best-known advocates of ethical business. Although Anita died unexpectedly in 2008, her daughter Sam Roddick looks set to carry her mother's torch and challenge ideas of ethical business all over again. For Sam is the founder of Coco de Mer, a self-proclaimed 'erotic boutique' with branches in London and Los Angeles that has taken a novel approach to the usually seedy sex industry by loudly broadcasting its firm ethical stance along with its X-rated products.

The shop sells a variety of sexually oriented material, from lingerie to bondage gear, designer sex toys, erotic literature, 'erotic jewel tools', and salons that provide 'lessons in the art of loving'. It aims very much at the top end of a lucrative market, with a hand-crafted silver leather dog mask setting you back some US\$450 and a JimmyJane-designed gold vibrator with diamonds costing an eyebrow-raising US\$2,750! However, Roddick has identified a clear market niche by targeting the kind of people that would not be seen dead in a back-street sex shop, but will happily sign up for one of the shop's courses on 'tricks to please a man' or a 'spanking skills salon' at its fashionable Covent Garden or Melrose Avenue stores. Not only this, but Roddick has recognized that many people are uncomfortable with the whiff of exploitation that taints the traditional sex industry, and so has set about developing an 'ethical' approach to the business that offers a clear alternative to most of the rest of the market.

'We have very strong and clear ethics at Coco de Mer,' the firm's website boasts, 'All our products are made with the consideration of environmental and human rights. We invest in the talents of local artisans. When we seek a skill abroad, we work with small Fair Trade projects or cottage industries.' Not only this, but along with an educational approach to sex among its customers, Coco de Mer also operates an 'activist arm' called Bondage for Freedom, which provides a free creative service for organizations fighting for human or environmental rights.

For some commentators, the whole idea of trying to marry business ethics with the business of sex is too much of a contradiction in terms to make any real sense. With its 'tasteful' erotica featuring topless models and full frontal nudity, and a product range that celebrates the full range of (legal) sexual activity in explicit detail, there is a significant portion of society that would simply brand the whole endeavour as objectionable and obscene, especially within the usually prudish British and American cultures. And in much the same way that the anti-smoking lobby will not countenance the possibility of there being an ethical cigarette firm, so too there are problems in establishing a credible ethical sex shop.

Perhaps unsurprisingly then, Roddick's Coco de Mer shop appears to be something of a pioneer within the sex industry—just as much as her mother was in the fledgling 'green' toiletries industry of the 1970s and 1980s. Maybe the ethical approach to sex will also catch on like the Body Shop approach did—but until it does, it seems

like you'd have a hard job finding anywhere else that sold dildos with conflict-free diamonds, sustainable wood spanking paddles, or fairly traded condoms that protect the livelihoods of rubber plantation workers.

Sources

Macalister, T. 2005. Ethical erotica. *Guardian*, Saturday 15 January. <http://www.guardian.co.uk>; <http://www.coco-de-mer.com>.

? THINK THEORY

If, as we have argued, business ethics is not an oxymoron, then is it necessarily true of *any* business, regardless on the industry it is in? Think about the reasons for and against regarding Coco de Mer as an ethical organization. Would the same arguments hold for an 'ethical' land mine manufacturer, or an 'ethical' animal testing laboratory?



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some 25% believe that their contribution is mostly or somewhat negative (*McKinsey Quarterly* 2008).

- 3 Business malpractices have the potential to inflict enormous harm on individuals, on communities and on the environment. Through helping us to understand more about the causes and consequences of these malpractices, business ethics seeks, as the founding editor of the *Journal of Business Ethics* has suggested (Michalos 1988), 'to improve the human condition'.
- 4 The demands being placed on business to be ethical by its various stakeholders are constantly becoming more complex and more challenging. Business ethics provides the means to appreciate and understand these challenges more clearly, in order that firms can meet these ethical expectations more effectively.
- 5 Few businesspeople have received formal business ethics education or training. Business ethics can help to improve ethical decision-making by providing managers with the appropriate knowledge and tools to allow them to correctly identify, diagnose, analyse, and provide solutions to the ethical problems and dilemmas they are confronted with.
- 6 Ethical violations continue to occur in business, across countries and across sectors. For example, a recent survey of over 1,000 UK employees working in public and private sectors found that one in three workers did not consider their employers to be fair.² Another survey of nearly 2,000 Hong Kong executives revealed that more than 40% of those with operations in China had encountered fraud.³ Business ethics provides us with a way of looking at the reasons behind such infractions, and the ways in which such problems might be dealt with by managers, regulators, and others interested in improving business ethics.
- 7 Business ethics can provide us with the ability to assess the benefits and problems associated with different ways of managing ethics in organizations.

Common Myths about Business Ethics: Perspectives from Hong Kong

Gael M McDonald

Business Ethics April 1995

Myth No 1. Business ethics is primarily
concerned with bribery

Myth No 2. Business ethics is the same as
legality

Myth No 3 The nature of the business
climate predisposes all business
people toward unethical
behaviour

Myth No 4 Younger business people are
more ethical than older
business people

- Myth No 5 Women have similar ethical attitudes to men
- Myth No 6 When outside their home environment most managers follow the principle "when in Rome do as the Romans do"
- Myth No 7 There are considerable differences in ethical attitudes across cultures
- Myth No 8 A senior manager or supervisor has little influence over the ethical attitudes and behaviours of subordinates
- Myth No 9 Good ethics doesn't necessarily impact on business performance
- Myth No 10 Introducing ethics into an organisation simply requires writing a code of conduct.

QUESTIONS

1. What are business ethics?
2. Why should business be ethical?
3. Can ethics be taught or trained?
4. Is there a difference between corporate and personal ethics?
5. What evidence would be valid to judge if a company was socially responsible?
6. Are accountants less ethical than marketers or HRM professionals?
7. Are small businesses less ethical than large businesses?
8. What special ethical pressures does globalisation place on international companies?

USEFUL TERMS

OXYMORON

NORMATIVE V POSITIVE

ETHICS V THE LAW

STOCKHOLDER V STAKEHOLDER

PRINCIPLES V CONSEQUENCES
(Kant's CATEGORICAL PRINCIPLE) (Mill and Bentham's UTILITARIANISM)

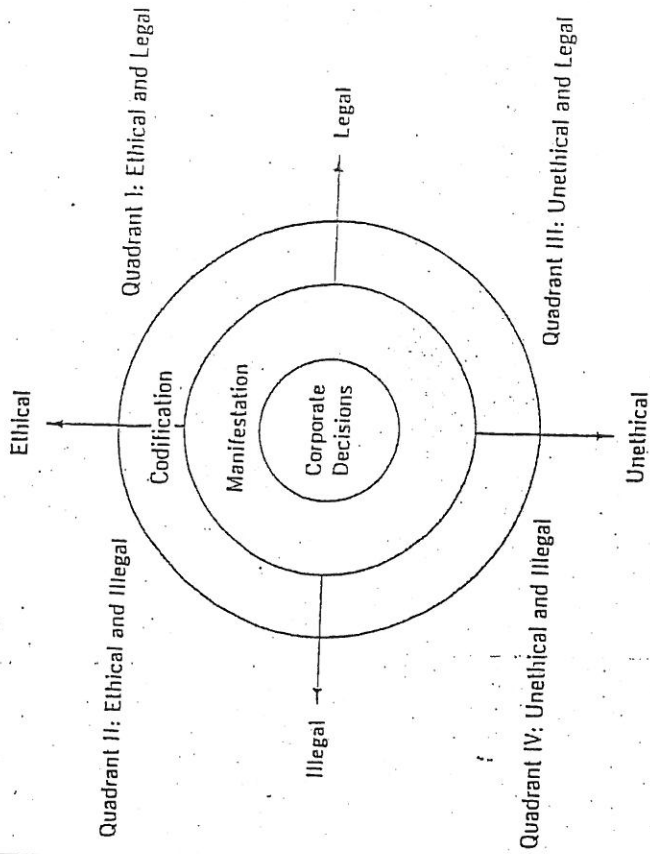
ALTRUISM V SELF INTEREST

MORAL RELATIVISM

POLITICAL ECONOMIC SOCIAL AND TECHNOLOGICAL (PEST) ANALYSIS,
(sometimes SLEPT)

Fig 1

Classifying Decisions Using a Conceptual Framework



SOURCE: Verne E. Henderson, "The Ethical Side of Enterprise," Sloan Management Review (Spring 1982): 42.

Carroll (2000) See over

Fig 2

Why Managers Behave Ethically

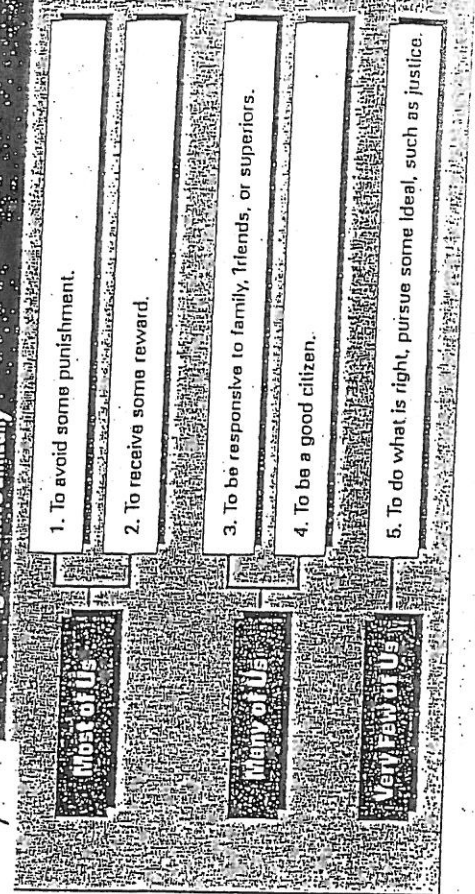


Fig 4

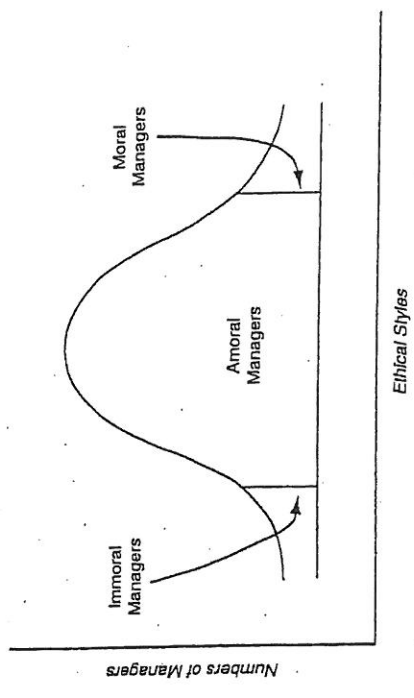


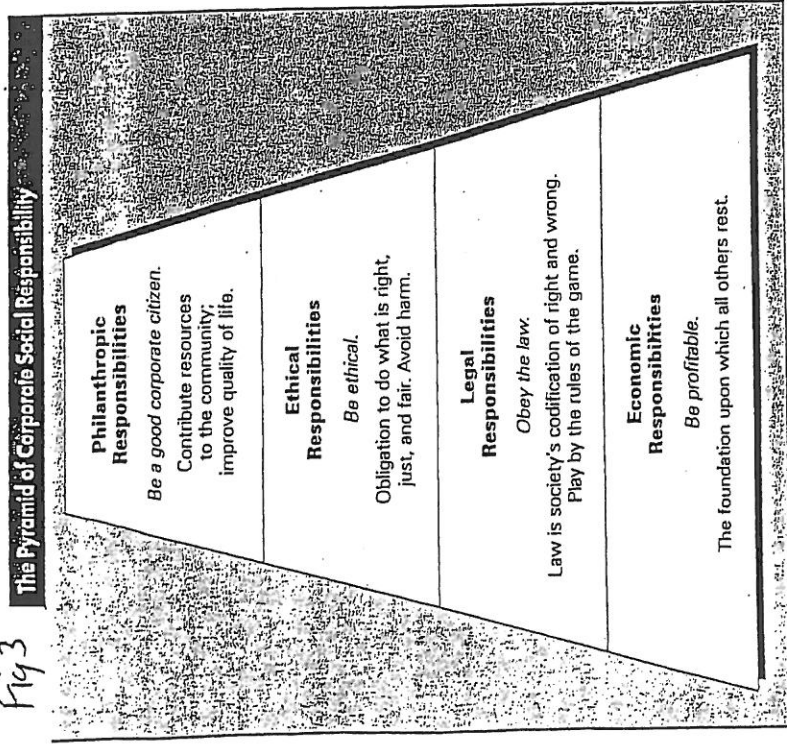
Fig 5

Three Approaches to Management Ethics

Organizational Characteristics	Three Approaches to Management Ethics		
	Immoral Management	Amoral Management	Moral Management
Ethical Norms	Management decisions, actions, and behavior imply a positive and active opposition to what is moral (ethical). Decisions are discordant with accepted ethical principles. An active negation of what is moral is implied.	Management is neither moral nor immoral, but decisions lie outside the sphere to which moral judgments apply. Management activity is out-side or beyond the moral order of a particular code. May imply a lack of ethical perception and moral awareness.	Management activity conforms to a standard of ethical, or right, behavior. Conforms to accepted professional standards of conduct. Ethical leadership is commonplace on the part of management.
Motives	Sellish. Management cares only about its or the company's gains.	Well-intentioned but selfish in the sense that impact on others is not considered.	Good. Management wants to succeed but only within the confines of sound ethical precepts (fairness, justice, due process).
Goals	Profitability and organizational success at any price.	Profitability. Other goals are not considered.	Profitability within the confines of legal obedience and ethical standards.
Orientation Toward Law	Legal standards are barriers that management must overcome to accomplish what it wants.	Law is the ethical guide, preferably the letter of the law. The central question is what we can do legally.	Obedience toward letter and spirit of the law. Law is a minimal ethical behavior. Prefer to operate well above what law mandates.
Strategy	Exploit opportunities for corporate gain. Cut corners when it appears useful.	Give managers free rein. Personal ethics may apply but only if managers choose. Respond to legal mandates if caught and required to do so.	Live by sound ethical standards. Assume leadership position when ethical dilemmas arise. Enlightened self-interest.

SOURCE: Archie B. Carroll, "In Search of the Moral Manager," Business Horizons (March/April, 1987), 12. Copyright © 1987 by the Foundation for the School of Business at Indiana University. Used with permission.

Fig 3

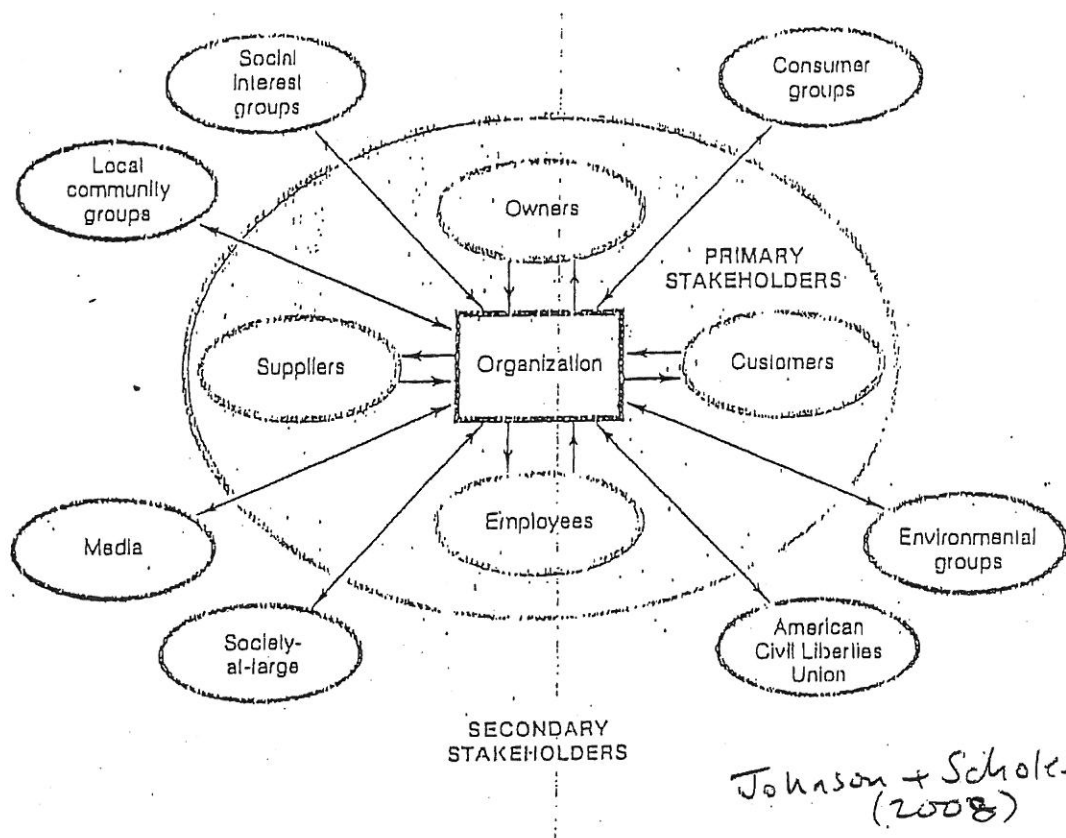


SOURCE: Archie B. Carroll, "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders," Business Horizons (July-August, 1991), 42. Copyright © 1991 by the Foundation for the School of Business at Indiana University. Used with permission.

Carroll A & Buchholtz (2000)
Business and Society, South Western, Ohio

Would you.....?

1. Relocate your business from Finland to another region/country to take advantage of lower wages and an absence of government regulations?
2. Monitor employee usage of the Internet in lunch breaks?
3. Appoint a woman rather than a man with better qualifications, in order to rectify an imbalance in the diversity of the workforce, in an organisation which admits a history of discrimination?
4. Pay a service provider in cash rather than using normal invoicing systems?
5. Source supplies from a company which employs child labour?
6. Employ a smoker, in a "smoke free" company, who commits to never smoking during work hours or on company property?
7. Encourage the use of DNA testing in order to recruit healthy, able workers?
8. Reprimand an employee who has a reputation for seducing co-workers?
9. Offer a gift in order to secure a contract with a potential customer?
10. Encourage the raising of the planned wage rate for a vacant post which will be oversubscribed once advertised?



CHARACTERISTICS OF MORAL STANDARDS (*Miguel Velasquez, 1992, Business Ethics, Prentice Hall*)

- In general, all moral standards deal with matters (that are thought to be) of serious consequence for human wellbeing. They also deal with the wellbeing of animals, and the respect we owe to our natural environment.
- Moral standards cannot simply be established or changed by the decisions of particular authoritative bodies.
- All moral standards are supposed to override self-interest.
- All moral standards are based on impartial considerations.
- All moral standards are associated with special emotions and a special vocabulary.

WHY ARE WE NOT ETHICAL?

1. CULTURE (R A Buchholz 1993, Principles of Environmental Management, Prentice Hall).

- * FIXATION ON MONEY
- * BELIEF IN OMNIPOTENT TECHNOLOGY
- * BELIEF IN MANAGEMENT THROUGH FRAGMENTATION
- * BELIEF IN FORCE
- * GROWTH IS GOOD

2. MUTENESS OF MANAGERS (F Bird and J Walters, 1989, The moral muteness of managers, California Management Review)

MORAL TALK IS AVOIDED (SUBSTITUTED BY LEGALISTIC/STRATEGIC VOCABULARIES) BECAUSE IT IS A

- * THREAT TO HARMONY
- * THREAT TO EFFICIENCY
- * THREAT TO IMAGE OF POWER AND EFFECTIVENESS

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17.

The Ethical Role of Business: Corporate Social Responsibility (CSR)

A Kitson & R Campbell (1996) The Ethical Organisation, MacMillan, London

- Narrow View (Property, Stockholder View)
- Broad View (Arena, Stakeholder View)

A. Carroll & A. Buchholtz (2001) Business & Society: Ethics and Stakeholder Management, South-Western

- Economic
- Legal
- Ethical
- Philanthropic

G. Johnson & K. Scholes (2002) Exploring Corporate Strategy, Prentice Hall
4 Perspectives (my headings)

- "The business of business is business". Milton Friedman
- Manage long term stockholder interests c.f. the instruction to auditors
- Progressive Organisations
- Community Organisations e.g. PPIs?

Author	Position on business' role in society
--------	---------------------------------------

Albert Carr	Pure profit-making view – economic CSR: business has lower standards of ethics than society and no social responsibility other than obedience to the law
-------------	--

Milton Friedman	Constrained profit-making view – economic CSR: business should maximize shareholder wealth, obey the law, and be ethical
-----------------	--

R. Edward Freeman	Socially aware view – ethical CSR: Business should be sensitive to potential harms of its actions on various stakeholder groups
-------------------	---

Archie Carroll	Community service view/corporate social performance perspective – altruistic CSR: business must use its vast resources for social good
----------------	--

Stakeholder V Stockholder Approaches to CSR

1. Draw stakeholder maps for:

An international company- Coca Cola

A small business – a local butcher shop

A public service- a police authority or school

A specialist design house- an avant garde fashion house

2. Compare the maps to see similarities and differences. Do you agree with the lists of the other groups?
3. Using Anglo American as a case, what evidence is there of their CSR?
4. How do Greenfield (2004), Sternberg (2005), Crane and Matten (2010) and Porter (2011) fit the CSR approach?

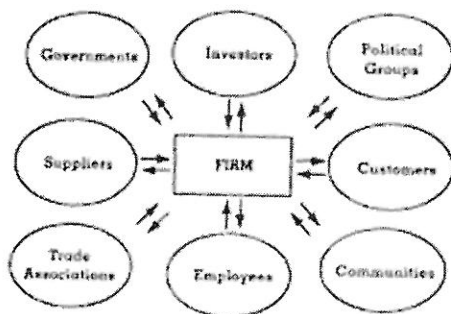


Figure 1; the Stakeholder Model (Donaldson et al., 1995)

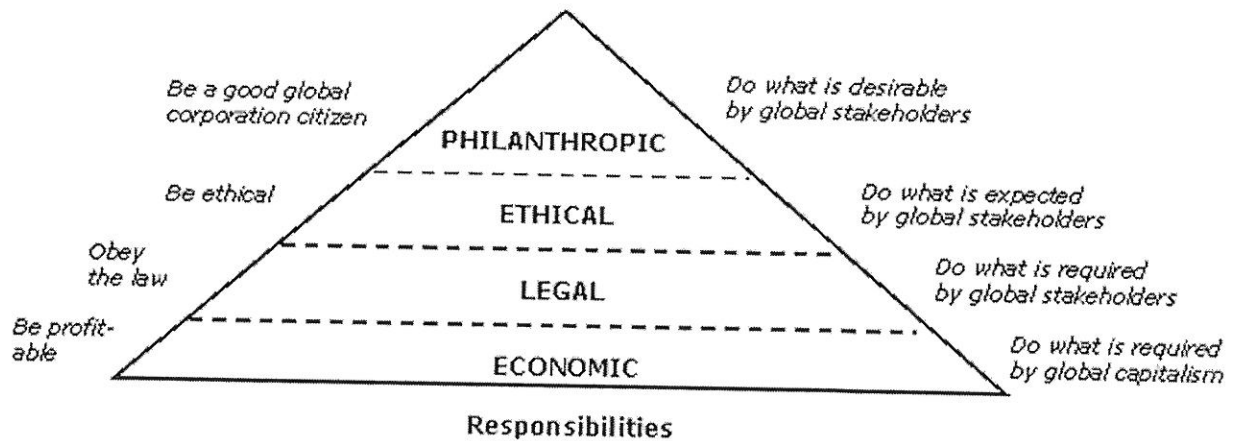


Figure 2; Responsibility and Performance (Carroll, 2004)

<http://csrethics.blogspot.com/2009/11/carrolls-pyramid-of-csr.html> (Accessed 12 December 2011)

Philanthropic - businesses expected, or desired, to promote human welfare and be charitable as individuals. Encouraged to be good citizens within the community through activities such as volunteering or donating goods.

Ethical – businesses expected to practice what is morally right, fair and just by asserting ethical leadership

Legal – businesses required obey all laws and regulations including environmental, consumer and employee related.

Economic – businesses required to be profitable by maximising sales and minimising costs

5. Are all stakeholders equal?

6. Use this diagram to identify the most important stakeholders

Important- the ones you ought to consider or important the ones who you respond to because they have power, influence or can hurt you if you don't???

<http://www.knowhownonprofit.org/organisation/strategy/directionsetting/stakeholder>

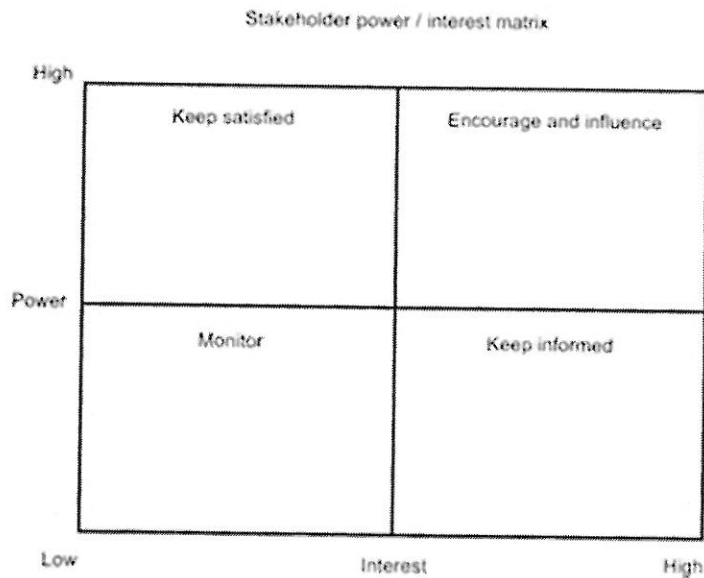


Table 3: Power/Interest matrix, adapted from Gardner, J.R., Rachline, R. and Sweeny, H.W.A. (1986) *Handbook of Strategic Planning*, John Wiley and Sons, New York.

7. Corporate Citizenship (CC)

Crane, A. & Matten, D. (2010) *Business Ethics: Managing corporate citizenship and sustainability in the age of globalization*, Oxford, OUP

Coined by practitioners, sees the corporation's place in society, with other "citizens" with whom the corporation forms a community. "Citizenship ..focuses on rights and responsibilities of all members of the community, who are mutually interlinked and dependent on each other." P62

- Limited View of CC- equates with corporate philanthropy
- Equivalent view of CC- equates with CSR
- Extended View of CC- acknowledges the extended political role of the corporation in society

Corporate Social Responsiveness

"the capacity of the corporation to respond to social pressures"

- Reaction- denial
- Defence- fight the case, PR management
- Accommodation- complies with interest groups

- Proaction- goes beyond industry norms anticipates future expectations

8. Broad or Narrow CSR? A few thoughts.

Greenfield (2004) challenges the wide CSR concept saying:

1. We don't know what CSR is
2. We cannot measure it even when some people think they know what it is
3. If we adopted it corporate bad behaviour would not stop.

Therefore Greenfield (2004) represents a more up to date version of Friedman (1971), the NARROW view of CSR.

CSR for them is the traditional STOCKHOLDER approach. It teaches that we should look after the interests of the owners of the business. "Maximise shareholder value" is the way auditors tend to phrase it.

Greenfield states that CSR adoption in the wider sense would not stop another "Enron" scandal. This was the result of old fashioned law breaking, in his opinion. Therefore for him the way forward is to assert owner/shareholder rights and activism and enforce the law.

This would equate to Carroll's (2004) first two tiers of the CSR pyramid, but would not include ethical or philanthropic duties, unless they made economic/profitable sense.

There are many other authors who take this line e.g. Elaine Sternberg (2000), who writes very persuasively that while the STOCKHOLDER approach sounds good, it is unworkable. See our discussions trying to agree stakeholder maps for various organizations. If we can't agree how can we make it work?

Porter & Kramer (2011) I believe give a variation on the "Good ethics is good business" idea that I quoted from Cannon (1996). They discuss SCV, Corporate Social Value. If companies identify policies which generate value for customers like fair trading, equal opportunities, honest reporting etc, they should do it as it makes business sense. Some might disagree with me, so read the article yourself.

Remember all of this goes against the idea that companies have responsibilities beyond those to the owners (Freeman 2004) and should act as Corporate Citizens (Crane and Matten, 2010). See my handouts for full references to these

While they may seem idealistic, they challenge us to think of the world that we would like to live in. Even if it is difficult to agree and measure CSR, the alternative is a message to simply "obey the law" to be responsible. We know that the laws are not perfect, particularly in corrupt cultures and business, particularly on the Internet, does not have a police force enforcing national laws.

Friedman, M. (1970) The social responsibility of business is to increase profits, *The New York Times Magazine*, 13 September, Vol. 13, No. 32-33, pp. 122-126.

Greenfield, W.M. (2004) In the Name of Corporate Social Responsibility, Business Horizons, Vol. 47 No. 1, pp. 19-28.

Kamani, A. (2010) The Case Against Corporate Social Responsibility, *Sloan Management Review*, 22 August <http://sloanreview.mit.edu/executive-adviser/2010-3/5231/the-case-against-corporate-social-responsibility/> Accessed 02 July 2011).

Porter, M.E. & Kramer, M.R. (2011) Shared Value- How to reinvent capitalism and unleash a wave of innovation and growth, Harvard Business Review, January-February, pp 62-77

Sternberg, E. (2000) Just Business, business ethics in action, Oxford, OUP

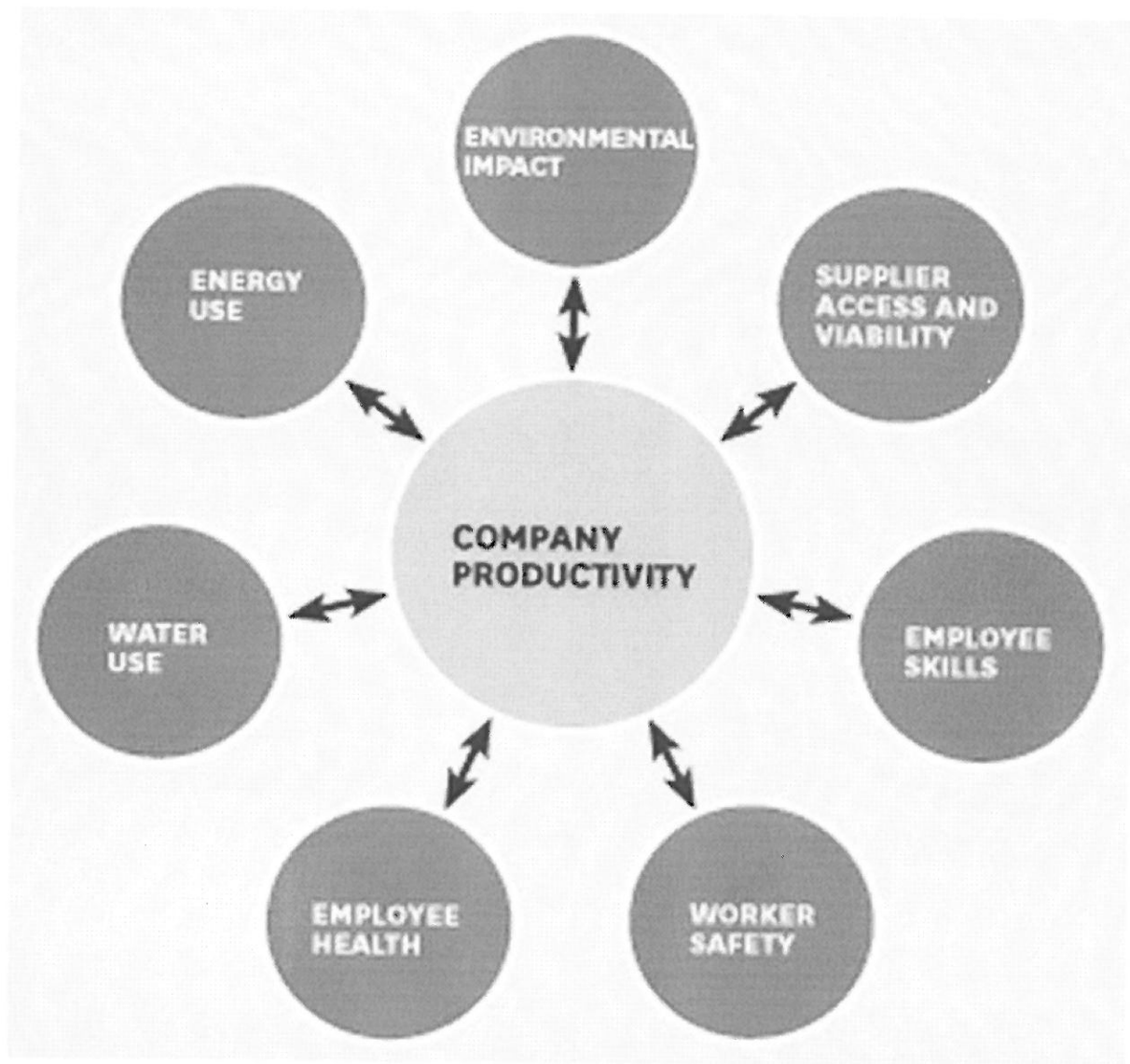


Figure 4: From Porter and Kramer (2011)

Draw a Stakeholder Map for one of these organisations

- 1. McDonalds/Coca Cola- an international company**
- 2. Police Force- public service (uniformed)**
- 3. High School-state run service (non uniformed)**
- 4. Charity –Not for Profit eg OXFAM, Red Cross etc**
- 5. A Small or Medium Sized Enterprise (SME)- small organisation, not a public company (no presence on the stock exchange) eg a Cafe or Butcher shop**
- 6. Artisan organisation- private skilled enterprise eg an artist, an architect, consultant etc**
- 7. Supplier to a big company eg Calsonic – automotive cooling systems**

Use the standard “inner circle” or “primary stakeholders” as well as Freeman`s wider possible stakeholders, but try to think what the narrow interpretation might be. Does new technology change the relationships?

Legal v Ethical Classification of Actions

(Henderson, 1982)

Illegal	Ethical	Legal
Site for users of marijuana	Teen dating site organised by a parental managed youth club	
Site for Adults to date children	Site for extra marital affairs	

Unethical

Verne E. Henderson (1982) The Ethical Side of Enterprise, Sloan Management Review, Spring, 42

Profitable v Ethical Classification of Actions (modification of the “Enlightenment Matrix” in Cannon, 1996)

“Good ethics is Good business”?

See the ethical investment monitors like FTSE4Good.com and Ethical Investment Research Service (EIRIS)

Ethical	
Unprofitable	Profitable
Tough Choice?	Should do this, although some companies do not through ignorance or inertia
Do this through ignorance, bad intent or stupidity	Risky but wrong (long term impact on reputation?)
Unethical	

Profitable v Ethical Classification of Actions (modification of the “Enlightenment Matrix” in Cannon, 1996)

“Good ethics, is Good business”?

See the ethical investment monitors like FTSE4Good.com and Ethical Investment Research Service (EIRIS)

Ethical	
Unprofitable	Profitable
Benefit claimants dating site	Daily Telegraph readers dating site
British fascist dating site	Prostitution dating site
Unethical	

Legal v Ethical Classification of Actions

(Henderson, 1982)

Illegal	Ethical	Legal
	Unethical	

Verne E. Henderson (1982) The Ethical Side of Enterprise, Sloan Management Review, Spring, 42