



HighApproach



NOTICE OF APPRECIATION

We, at HighApproach, extend our warmest gratitude to **Ms. Sandhya Sah** for her generous contribution of invaluable educational resources. Your efforts have significantly bolstered our goal to deliver high-quality education and support to our learners across the globe.

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BUSINESS ETHICS & SOCIAL RESPONSIBILITY

Concept of Business Ethics

- ↳ Ethics means the acceptable principles, beliefs, conscience & morals.
- ↳ Ethics is the situation of integrity on actions and beliefs, actions & principles & actions & set policies.
- ↳ It deals with moral principles & social values.
- ↳ Ethics in day to day life helps to classify, what is good & what is bad, what is wrong and right.
- ↳ Business ethics tells us to do good things & avoid doing bad things for benefits of others.
- ↳ Business ethics is adapting only right practices in real sense suitable for their customers are beneficial for their consumers & treating them fair.

Features of Business Ethics :

- ↳ Code of conduct
- ⇒ Framework for business activities
- ⇒ Moral & social values based
- ⇒ Relative term
- ⇒ Focus on protection to stakeholders
- ⇒ Voluntary
- ⇒ Comprehensive
- ⇒ Comparatively new concept

Significance of Business Ethics

- ⇒ Prevents malpractices
- ⇒ Improved confidence
- ⇒ Survival & growth of business
- ⇒ Protection of consumers rights
- ⇒ Develops good relations
- ⇒ Good organization image
- ⇒ Protects employees & shareholders
- ⇒ Healthy competition
- ⇒ Smooth functioning
- ⇒ Supportive employees

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Ethical Issues in Management

- ⇒ Unethical leadership
- ⇒ Discrimination and harassment
- ⇒ Unrealistic & conflicting goals
- ⇒ Misuse of technology
- ⇒ Manipulating information
- ⇒ Anticompetitive behaviour
- ⇒ Health & safety
- ⇒ Privacy
- ⇒ Corporate spying
- ⇒ Corruption & bribe

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} communication errors

ROOTS OF UNETHICAL BEHAVIOUR

- ↳ No code of ethics
- ↳ Fear of punishment
- ↳ Impact of peer influence
- ↳ Ignorance of management
- ↳ Setting a bad example
- ↳ Poor balance of authority & responsibility
- ↳ Overall culture
- ↳ Poor regulation.

Philosophical Approaches To Business Ethics

- ↳ The Utilitarianism (or Kantianism) approach
- ↳ The Right Approach
- ↳ The Justice & fairness approach
- ↳ The virtue approach
- ↳ Caring approach

Ethical Issues in Management

• Unethical leadership :-

Manipulating in a report or deciding for inappropriate purpose in the organization, misleading employees & exaggeration of fact to the shareholders are common unethical leadership activities.

• Discrimination and harassment :-

Discrimination & harassment of employees based on race, ethnicity, gender ability or age occurs are very common ethical issues in management.

o Misuse of technology :-

Using internet may improve knowledge, & productivity of employees but need to set the ethical standard & schemes of using internet in workplace.

o Manipulating information :-

Manipulation to some extent is essential in business, for example a sales person explains only the advantages of the product s/he is selling but not even spell the side effects or disadvantages.

ROOTS OF UNETHICAL BEHAVIOR

- o **No code of ethics :-** without a code of ethics, they may be unscrupulous. A code of ethics is a proactive approach to addressing unethical behaviour.
- o **Fear of punishment :-** They think that reporting poor standard quality, misconduct or other unethical behaviour to their supervisors, they get punishment.
- o **Impact of peer influence :-** Behaviour may be influenced by others' behaviour. People behave unethically because they tend to perceive questionable behaviours exhibited by people who are similar to them.
- o **Setting a bad example :-** Employee demonstrate their personal character more likely to be perceived as setting a strong tone based on their leaders.

PHILOSOPHICAL APPROACHES TO BUSINESS ETHICS

• The Utilitarianism (or Kantianism) approach:-

According to this approach, Business ethics are developed by thinking that ethical behaviour results for good. Ethical behaviour will be judged by the consequences of behaviour.

• The Rights approach:- This approach states that any action or policy is ethical if this accepts the fundamental human rights. Thus, while making business decisions, there should be clear understanding & respect to the fundamental rights of consumers, employees & other people.

• The Justice & fairness approach:- Justice is all about the positive obligation to prevent & rectify injustice as well as the negative duty not to commit injustice in the work setting. This approach incorporates the justice ensuring behaviour as the ethical behaviour.

• The virtue approach:- This approach advocates that the business ethics should respect the social virtue of consumers, employees & others. People conduct as their virtue i.e. quality. This is also possible when societal interests overshadow personal interests. This means, managers & employees set their virtue based on the social & cultural influence.

- **Caring approach**:- Shoemaker (1999) postulates, growth in the legal frameworks governing societies, communities & even nations have resulted in considerable influences on how corporate business view legal issues. This philosophy argues that care ethics maintain mutual relationship with wellbeing of caregivers & the care receivers within the networks of social relationship.

Social Responsibility of Business

- Social responsibility is the obligation of decision makers on behalf of organization, to take decision that assures actions, protect & improve the welfare of the society along with their own interest.
- It implies safeguarding the interest of stakeholder of the entire society such as investors, customers, employee, government & community.

Approaches of Social Responsibility

- Social obstruction approach
- Social obligation approach
- Social response approach
- Social contribution approach

1. Social obstruction approach:

This is an approach towards social responsibility in which managers think there is no need to bear any social responsibility. Social responsibility

in their vision is only the way to waste their savings.

2. Social obligation approach:

One step ahead from social obstruction in social responsibility is social obligation. Managers who take a social obligation approach insist that their job is to generate profits with little social contribution just to be free from the action against being unethical.

3. Social response approach:- A firm that adopts the social response approach meets its legal & ethical requirements but only in selected cases. Such organizations want to show their contributing for the benefit of society.

4. Social contribution approach:- The highest degree of social responsibility that a firm can exhibit is the social contribution approach. They believe the social responsibility is just cultivating their business for future. So, they contribute their maximum possible amount in social welfare.

Area of Social Responsibility

- A. Responsibility towards consumers
- B. Responsibility towards investors
- C. Responsibility towards employees
- D. Responsibility towards government
- E. Responsibility towards community

Inl. FRIEDMAN'S DOCTRINE OF SOCIAL RESPONSIBILITY

- The Friedman Doctrine holds that business decisions regarding the social responsibility rest on the shareholders, not the decision makers in the organization.
- This means that the business decision makers always analyze whether the shareholders decide to such an effect and accept the social responsibility of an organization.
- In Nepalese context, most of the business organization hire senior managers (Chief Executive Officers) to take care the whole business.
- They may or may not participate in Board of directors to make the long term decisions regarding social responsibility of the business.
- Thus, CEOs wait & expect the clear directions & guidance line by their shareholders regarding social responsibility of the business.

INFLUENCE OF FRIEDMAN DOCTRINE:

- Friedman doctrine's influences the corporate decision regarding the social responsibility of

the business.

- ↳ As decision maker wait the decision of shareholders, & the main interest of shareholders rests in their wealth maximization, social responsibility focus of the company remains low.
- ↳ This doctrine emphasizes on increasing profitability of the business as the primary interest of the sh. holders is profit maximization.

CRITICISM OF THE FRIEDMAN DOCTRINE

- ↳ The doctrine has focus on individualistic approach especially from the societal perspective.
- ↳ This doctrine has not considered the different dimensions of social responsibility, for eg: legal compliance, moral value & virtue, economic, social & financial perspective.
- ↳ One of the strongest critics is that this doctrine gives highest priority & rights to the shareholders regarding whether organization needs to invest in social responsibility or not.