

**Business Ethics**  
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**Lecture - 17**  
**What is Business Ethics Management?**

Welcome. Today we will be discussing about the tools and techniques of business ethics management, and the rules of various agencies in ensuring ethics in corporation. Before we begin off with the topic let us first understand like why business ethics management is important. Business ethics as we have seen from the previous discussions has become, so important for smooth running of the business now, so important for the image management or reputation management of the business in the mind of the stakeholders at large now. Because the stakeholders are always trying to keep a watch on how the business is doing what and what it is giving as an outcomes.

Business ethics, the practice of business ethics within an organization cannot be left to the chance. And it has to be managed properly by the corporate that is why business ethics management is become very important. Because business houses constantly are facing questions like what care is a taking of its employees, what is the nature of its relationship with its suppliers? Have it taking care of the environment processes like is it polluting the environment, does it plea its employees well, are the employees following core ethical practices why in the business, are the top managers ethical enough.

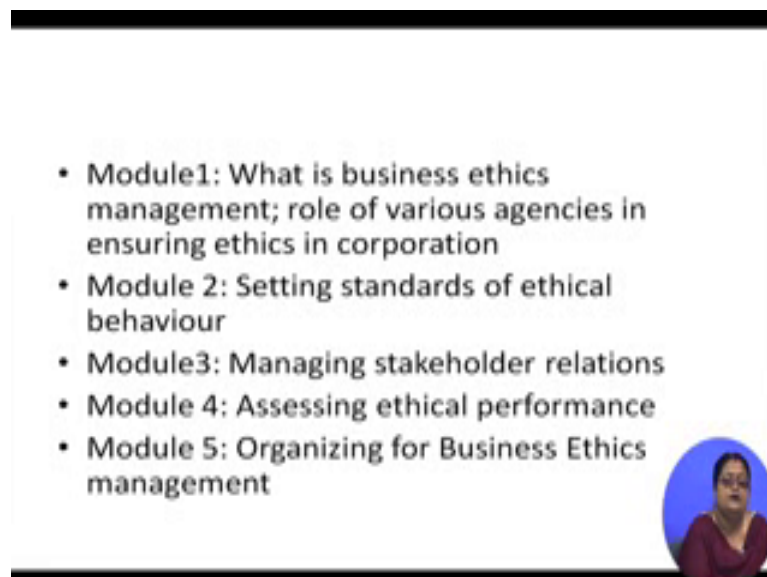
So, these type of questions are constantly being asked, and the organizations gets surveyed upon these questions to answer to these questions in a proper way, and to see that the business follows ethical practices and principles which guides its business practices in the present juncture business ethics management has become very important. And it is give the whole raised to a whole new field of professions where we find ethics professionals, ethics advocates, ethics consultants ethics managers who help the organization in managing the ethics properly.

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Let us now look into the modules of today's discussion. Today, we will be discussing on tools and techniques of ethics management and role of various agencies in ensuring ethics in corporation; the discussion is adopted from the book of Crane and Matten by Oxford University Press.

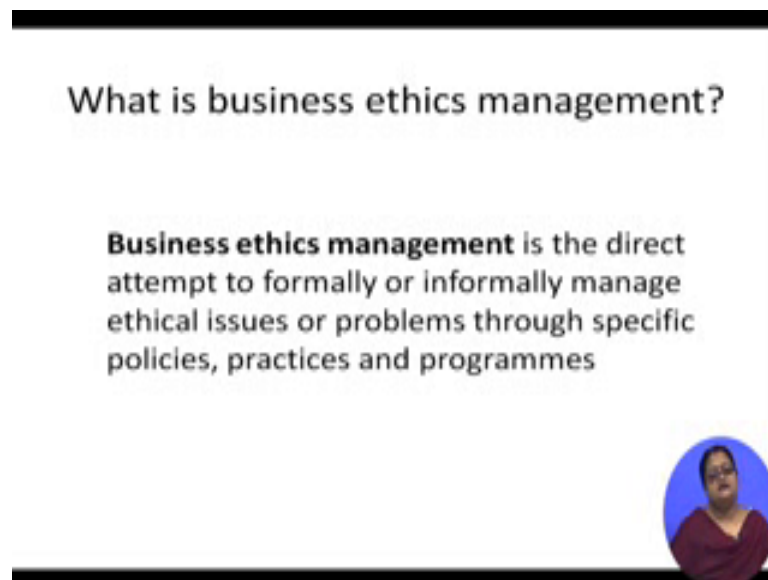
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This whole discussion will be through five modules. In module one, we are going to understand what is business ethics management under role of various agencies in ensuring ethics in corporation. In module two, we are going to understand setting

standards of ethical behavior. In module three, we will understand managing stakeholder relations. Module four: assessing ethical performances and module five organizing for business ethics management. So, let us begin with a first module, which discusses about what is business ethics management.

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So, business ethics management is the direct attempt to formally or informally manage ethical issues or problems through specific policies, practices and programs. So, the three words are very important through specific policies, practices and programs. If there are only policies and no practices and programmes then the ethics the way the ethics management is done may not be proper.

If there are only practices and programmes, but those are not guided by sound policies in place, then also people do not have guidelines of what is expected in the organization, and how it is answering to the needs of the stakeholders. So, the management of ethical issues and problems through specific policies, practices and programmes are these three together defined properly the business ethics management. And it is a direct attempt by the organization to formally manage or informally manage ethical issues.

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There how the organizations are dealing with business ethics management, what are the steps taken to manage ethics properly, where is from organizations to organization and till date there is no such concrete research done which shows like these are the exact steps written for business ethics management. What we present over here are collections or results of service done from various organizations and listing of some of the practices which are being followed by various organizations, sorry in the process of business ethics management.

So, let us see, what these practices are. First, the first step of business ethics management if you see is missions or value statements. Second, it is a codes of ethics; third - reporting or advice channels; fourth - risk analysis and management; fifth - ethics managers officers and committees; sixth - ethics consultants; seventh - ethics education and training; eighth - stakeholder consultation dialogue partnership programs, and ninth - auditing accounting and reporting. We will discuss each of these steps separately or each of these components separately, and then we will try to be find the linkages also between these components if possible to which me show also the seriousness of the organization towards business ethics management.

When we talking of missions or values statement, these are in the missions or values statement of the organization what it wants to be what it these are statements which focuses on which like expresses, what the organization wants to be or what it wants to do

and what it is meant for what is the purpose of the organization. Say mission and value statement this business ethics issues may also be ingrained, but suppose by stating we want to be the best retailer by providing best of goods at reasonable rate to the society at large.

If you are talking of this way there may be we are hinting towards certain fair price that will be dealing with good quality of products, and maybe our products are you know like the designed for the society where many people can access it, so these types of wordings, if written. Or you want to give the best services by following the best practices within these type of words if written shows like the company is geared towards following certain ethical practices, in the way that it produce the goods or services and also their intention to deliver quality goods and services to the society at large without providing much harm to the society or to the environment. So, these type of things if mentioned shows to certain extent the orientation of the organization towards business ethics.

However, it does not guarantee that the organization is truly following these things or managing ethics properly within the organization in its various processes. So, many things could be written in value statement in mission and vision statement, but whether they are truly followed within the organization needs to be investigated to understand what the organization is telling it is doing is exactly doing it or not.

Second to check like whether the organization is actually trying to follow what it is express like it is doing. Whether it is actually doing that or not that can be cross check from the second component that is mentioned of business ethics management that is the codes of conduct that are followed in the organization. We will be discussing the codes of conduct or the codes of ethics in details in the next few slides. So whether the codes of ethics are well written or not, what are the different codes of ethics written, what different with what explicit level, it is written or not these things will also tell was seriousness of the organization towards the business ethics management.

Third important component that we have of a here is reporting or advice channels. So, if you study this, it is not only enough to have code of ethics written, but in gain it has to be understood whether it is truly followed or not. If it is truly followed within the organization then there must be some reporting channels or advice channels through which how to act on the code of ethics how to follow it properly. And if any like

discrepancy is found in any one's behavior, then how it was reported back, the study of these information channels will show like it is not only written as a code of ethics, but it is getting followed in the organization also.

Risk analysis and management shows like what is the system there in place to analyze the risk involved, and how the organization is managing it. When we are talking of the risk involved, we are not only focusing into the financial risk involved of the decision for sake, but also whether the organization takes care of the ethical risk involved. And how does it planned to manage it, whether there is an institutional system in place to look after to audit for what other ethical risk involved in the like decisions taken, and the alternative chosen for executing certain actions, and how the organization is thinking of managing it.

Next, component whether there are ethics managers, officers and committees formed in the organization to deal with the things like risk analysis and management to see the ethics principles and practices are followed properly, the reporting channel is opened properly, to write down a detailed code of ethics. So, whether there is a formal body within the organization, people who are there to take care of these issues. This shows again the seriousness of the organization towards business ethics management. If position is there, some person is there in that role of as ethic managers, officers and committees there to take deal with the ethical issues and dilemmas that are faced by the organizations. Then we can understand like when some institution allies processes are there, we can understand we get hint of the like how spurious the organization is about business ethics management.

However, it depends also on the size of the organization and resource capacity of the organization to formulate like at a different position as ethics managers, officers and committees, but then we have to cross check with a role responsibility given to some officers, whether they also have to take care of ethical issues or not. So, if there is a separate role created then we can understand it prominently, but if there is no such separate role created due to some constraints, mainly resource constraints faced by the organization. Then we can think of like for the excising and managers or leaders whether this also as a part of the role responsibility or not.

Ethics consultants whether there are consultants from outside, who are regularly external consultants who are coming into advice the organizations about the ethical dilemmas ethical problem that would be there in the process of their doing the business and help them to solve the problem. So, why the ethics consultants are there? So, this could be like in some organizations may be there is no internal systems like roles like ethics managers, officers and committees. In that organization ethics consultants can come to advice the organizations about proper ethics management.

In some organization, both the internal system and the external consultants may work together to find out subways of proactively find out some issues that may crop up in future. Or how to address best to the demands of the society, needs of the society and other stakeholders, how to take care of the network relationships of the stakeholders, how to deal with these complexity and so that they are doing the right thing in the right way.

Next, what we see is we have already discussed about this when we are talking of corporate citizenship behavior, when we are talking of corporate accountability and transparency in the last discussion. Like the involving the stakeholder more in the business processes through stakeholder consultation, dialogue and partnership programs. So, what is the frequency of these programs, how open the organization is to accommodate the suggestions given by the stakeholders, how they are proactive enough to consult the stakeholders - take their views in the different ways of doing their business, how eager will show the eagerness of the organization for business ethics management. And in what way they are trying to connect to the stakeholders to know from them; what are their expectations from the organization, and trying to work out measures to answer to that expectations.

Accounting, auditing reporting are also important part of business ethics management, because auditing, accounting and reporting shows the evaluation part of whether I have we have managed ethics properly or not. Till point-8 are things that are done to manage ethics. Point-9, when we are talking of auditing accounting and reporting this shows the eagerness of the organize not only shows the eagerness of the organizations, but it also shows it whether the organization have done properly through all the steps that would promised that it would be doing. Out of these three terms written auditing, accounting

and reporting, we can take accounting as a superset of which auditing and reporting are the two subsets.

So, auditing is where we try to put a check list, we try to find out what are the actual practices followed in the organization compare it with a practice that is desired or practice that was promised it would be following. So, the audit helps us to understand the gap between the promised or the desired policies and practices and the actual policies and practices that have been followed the programs that has been followed and the gap, and or either the gap or whether in some cases they have truly followed it or not.

And we need to talk a few reporting this is reporting these things in a proper format. And together these things are we need to means we are taking in account of your accounting for the activities stand. And try to see whether it has been according to some set standards or not. With these we will move forward to the discussion detailed discussion of some of the topics mentioned over here like the codes of ethics, and then stakeholders management then assessing of the things like whether accounting and auditing and reporting have been done properly or not.

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**Evolution of business ethics management**

- Few, if any, businesses likely to use all tools and some do not use any
- Escalating adoption of most if not all components (US and UK surveys)
- Change in emphasis concerning the purpose of business ethics management
  - Previously primarily focused on managing employee behaviour
  - Increasing attention to management of broader social responsibilities



If before we move to the detailed discussion of the some of the important components of business ethics management, let us see into the evolution of business ethics management. So, in some cases, it has been found there is either in a nothing or something, and is or most some of them is use all. So, there is a variety in the way people are following



business ethics management. And also there has been a shift in how shift in focus of how people are focusing towards business ethics management.

In earlier cases, the managing it was mainly focused towards managing of employees. From there, the focus has now shifted to seeing how management is taking care of its broader social responsibilities. So, there is a shift in idea of what we understand by what we have to manage. In earlier cases, it was managing the employees properly.

To see that they follow or toward expected by them from the organization; now the emphasis has shifted to some broader concept of understanding whether the organization is managing properly the demands given from the society and other stakeholders at large, and how it was doing in what way to answer to these demands. So, now we will move to the detailed discussion of the codes of ethics.

Thank you.