



EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
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MŠMT
MINISTERSTVO ŠKOLSTVÍ,
MLÁDEŽE A TĚLOVÝCHOVY

3PO633

Business Ethics

Jana Müllerová

What is ethics about?

- ETHICS = the science about human intentions, acting, relationships from the perspective of good or bad consequences for individuals, society and all the reality around (Vaněk 2010, p. 9)
- Ethics as a science looks into the behavior to show the possibilities and consequences of it in relation to the regulations or rules (Vaněk 2010)
- Ethics is the set of principles a person use to determine whether an action is good or bad. (Collins 2012, p. 5)

Business Ethics

- Reflects ethical principles to the all activities in business, including individual and corporate values (Bohatá 1994 in Putnová 2007, p.15)
- Looks for solution to conflict between personal interest and interest of other people (Putnová 2007, p. 14)
- Search for theoretical concepts and models of companies and owners behavior in the global, dynamic world which doesn't have the same values

BE – questions of the daily life in the business

- Interest of the business, individuals, public ...all stakeholders?
- Should I inform the boss about colleague's questionable work habits?
- Should the organization incur additional costs for environmental protection technologies not required by the law?

Why study B.E.????

- Law doesn't solve all problems in the society – and also can not (Putnová 2007, p. 16)
- Existing problems in the society and in the business (Enron, corruption affairs, wasting of resources,)
- New topics and problems – social networking, shared economy
- Social order, social trend – politics, people
- Already exist - first article from the 1953: H. R. Bowen: Social Responsibility of Businessman
- Michael Sandel: What money can't buy 2012

Why study B.E. – Mathias Schütz

- Increasing interest of consumers – LOHAS (Lifestyle of Health and Sustainability)
- Environmental problems
- Social demand

Why B.E. – unethical behavior at work - survey from 2009 (Collins 2012, p. 6)

The types of ethical misconduct survey respondents observed within previous 12 months:

- Company resource abuse 23 %
- Abusive or intimidating behavior toward employees 22 %
- Lying to employees 19 %
- Email or internet abuse 18 %
- Conflict of interest 16 %
- Discrimination 14 %
- Lying to outside stakeholders 12 % ANOTHER IDEA???

- Employee benefit violation
- Employee privacy breach
- Improper hiring practices
- Falsifying time or expenses

Why B.E. – cost associated with unethical behavior

- Legal costs, transactional costs
- Employee theft
- Monitoring costs
- Reputation costs
- Abusive treatment cost

(Collins 2010, p. 12)

Would you prefer to work in ethical or no ethical organisation?

What could be the advantages of ethical organisations? For you, for the establishment and for the society?

Ethical organizations compare to less ethical organizations:

- Attract and retain high-quality employees
- Attract and retain customers
- Attract and retain suppliers
- Attract and retain investors
- Earn good will with community members and officials

(Collins 2010, p. 14)

Reasons for CORPORATE RESPONSIBLE activities according to the KPMG survey 2011

- Reputation or brand 67 %
- Ethical considerations 58 %
- Motivation of employees 44 %
- Innovation and training 44 %
- Risk management and education 35 %
- Access to capital 32 %

- Cost savings 10 %

N 3000 companies (Schütz 2017, p.4)

Ethics and Responsibility

CSR – corporate social responsibility

SCR – sustainable corporate responsibility

„Responsible and ethical acts are often thought to be identical, which is incorrect“

(Schütz 2017, p. 8)