

Panel 4 Business Ethics

Chair :



Photo Panel 4

We live in an age of innovation, the growth of free markets, and a world economy. New technologies, the roles of government, and the players on the global scene offer challenging opportunities, demands, and constraints. More peoples and nations are working together to spread freedom and democratic principles, to nurture free markets, to protect individual property rights, and to encourage respect for human rights, the rule of law, and the environment.¹

Businesses are at the strategic center of a civil society, and they have a stake in their communities. They depend on the free markets and on good public governance for their growth and success, but they are also authors of their own destiny. Markets become free and remain free if their players are responsible and respect basic values such as: honesty, reliability, fairness, and self-discipline.

The alternatives to responsible business conduct are inefficient markets and costly government regulation. Free flows of capital, talent, knowledge, and creativity are possible where communities are known for their transparency, respect for property, a market-oriented legal framework, and reliable dispute resolution mechanisms. The alternatives are lack of capital, high transaction costs, limited markets, underdevelopment, and poverty.

Most major corporations today promote their commitment to non-economic values under headings such as ethics codes and social responsibility charters. Governments use laws and regulations to drive business behavior towards what they perceive to be beneficial directions. Ethics implicitly regulates areas and details of behavior that lie beyond governmental control.

In the 21st century, ethics is neither a luxury nor an option. More than competence, experience, intelligence and drive, people at all levels of an organization need ethical values.

More than simply a legal or moral responsibility, ethics needs to become an organizational priority. Organizational leaders have a lot on their minds in today's highly competitive world. They must keep abreast of rapid technological advancements, the competitor's products and services, the effects of globalization, and the opportunities and threats within their own industry, to name the most obvious. Leaders must also keep a constant eye on the mission, vision, values, culture, strategy and goals of their own organizations. In the midst of all of this complexity, it is not easy to find room on the organizational

¹ USA Department of Commerce – Business Ethics – a manual for managing a responsible business enterprise in emerging market economies

plate for another major priority. However, to succeed in the 21st century, organizations will have to figure out how to make ethics a priority.

Ethical values need to achieve recognition among the elite, as they are important success factors in modern organizations.

As an organizational priority, ethics will not only affect decision-making but also, and ultimately, institutional culture. To achieve this ideal, there must be an alignment process that integrates business ethics with mission, vision, values, strategies and goals. Ethical values are essentially social in nature, therefore this alignment process will be concerned with relationships and defining relational expectations. The goal of an ethical organizational culture is the greater good of all. Internal relationships between leaders and followers, as well as external relations with clients, customers, vendors and the community are all prized. As a result, people are treated well consistently and an ethical culture emerges. Ethics, lifestyle and culture must become so interwoven that they cannot be separated. Together, they show how people relate to one another in the home, the workplace and every part of society.

Many organizations are aware of the critical need for ethics in their cultural fabric. However, there is still a great deal of room for improvement. First, organizations must see ethics as a social responsibility which they are compelled to obey.

No matter how cleverly done, hurting others for personal gain is unacceptable. Next, ethics will only find its proper place in organizations that make it a priority by creating relational expectations that work for the good of everyone. Finally, the best organizations will seize the opportunity to shape the future by influencing culture through the institutionalization of ethical values.

By creating a value-based culture within the organization, society can be improved by positive influences that perpetuate outside the organization.

In light of the discussion above, we invite researchers and practitioners to submit papers and case studies in the following areas that we consider to be the key factors in creating a value-based culture:

- *shared core values*
- *corporate social responsibility*
- *commitment at the top*
- *moral courage*