

**Ethical action:** aiming to align the goals and results of your action with the values, rights and interests of **all** that can be affected

**Ethical hierarchy:**

- don't harm
- prevent harm
- do good

**Ethical reflection:** Ethics is the methodical reflection on moral norms and values

**Developments in business and society**

- Changing role of business in society (openheid voor commentaar)
- Licence to operate (vertrouwen, vergunning)
- Increasing pressure from single issue groups (greenpeace)
- Activities and branches of business become suspect (tabaksindustrie)
- Inside pressure (werknemers)
- It pays to be correct (financieel voordeel)

**The economics of values and norm (Maatschappelijk Verantwoord Ondernemen MVO)**

- Trust reduces transaction costs
- Norms supplement incomplete contracts
- Efficiency of intrinsic motivation
- Reputation mechanism

**Actions of business organisations**

- Primary proces
- Values statements
- Codes of conduct
- SEEAR-standards (Social and Ethical Accounting, Auditing and Reporting principles)
  - SA 8000
  - Global Reporting Initiative
  - Best practice
- Awareness
- Management Development

**Political attention to CSR (Corporate Social Responsibility)**

- US Foreign Corrupt Practices Act (Steekpenningen)
- US Sentencing Guidelines for Organisations (Ethische bedrijven lager straffen)
- US Model Business Principles (Clinton Administration)
- OECD guidelines for multinationals (Organisation for Economic Co-operation and Development)
- Report of the SER onCSR

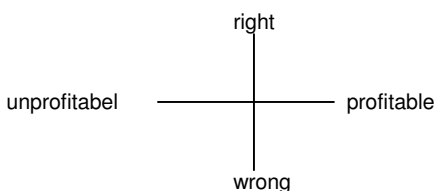
**Levels of Social Responsibility**

1. Economic responsibilities
2. Legal responsibilities (required and materially sanctioned by society)
3. Ethical responsibilities (expected and immaterially sanctioned like image)
4. Philanthropic responsibilities (desired not obliged)

**Overlapping spheres**



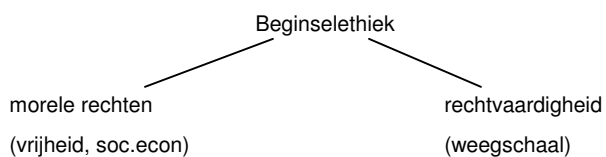
Good/right quadrant



### Three basic questions of ethics

1. What is a good life?
  - values
    - Deeply held beliefs of what is really important in life
    - Fundamental points of reference for the decisions that we make
2. What makes a person good?
  - virtues (verdiensten)
3. How should we act?
  - moral norms (spelregels)
    - criteria for choice and action
    - prescriptive
    - impartiality (onpartijdig)
    - help to assess legitimate interests of stakeholders
    - valid principles and disregarding the consequences (complementary)

**Focus on consequences: The greatest happiness of the greatest number** (economic growth, health, company reputation)



Utilitarianism (Nut, Select the alternative that maximizes aggregate benefits or minimizes aggregate costs)

**Moral dilemma:** A case in which relevant moral norms point to opposite directions

**Moral responsibility** (juridical and moral)

**Excusing and reducing circumstances of moral responsibility**

- excusing
  - Ignorance
  - Inability
- reducing
  - uncertainty of consequences
  - difficulties to prevent action
  - degree of involvement

**Types of responsibility**

- Accountability (passive)
- Task or role (connecting)
- Virtue (active)

**A social view to ethical behaviour**

- Responsibility as a characteristic of organisational structure and culture
- People adapt their behaviour to the structure and culture of their organisation

**Strategies**

- Compliance strategy (naleven, regels)
- Integrity strategy (values)
- Responsibility strategy (dialogoog)

**Tools of ethics management**

- code of conduct
- ethics training
- ethics committee / office
- social/ethical audit

### **Elements of an organisation code/behaviour**

- Purpose (why) & principles (How)
- Insights
- Rules
  - Aspirational
    - ambitions
    - open
    - challenging
  - Borderline (compliance)
    - restrictive
    - closed
    - compelling (dwingend)

### **Principles of environmental policy**

- Polluters pay
- Stand still
- Isolation and control
- Abatement at the source
- Best technical means
- Avoid unnecessary pollution
- pre-cautionary principle

### **Compliance to eco-efficiency**

- Licences
- Relations with the vicinity (directe omgeving)
- Responsible care
- ISO-certification
- Banks and insurance companies
- Marketing profile
- Convenants and chain-responsibility
- Design for environment

### **Ecological threats**

- Climate changes
- Energy and mineral resources deplete
- Nature and biodiversity decrease

### **Ethical issues**

- How much nature capital do 12 billion people need?
- How much nature capital will we leave?

### **SER: Social Responsible Entrepreneurship (SRE) is an integral part of "core business"**

- Licence to operate
- Licence to grow

### **Valuecreation in three dimensions**

- Economic (long term financial basis)
- Social (pro-active inside and outside the company gate)
- Ecologic (minimizing pollution)

### **The government steps back**

- deregulation
- higher policy levels (EU, ECB, WTO)
- globalising trade and technology
- International social and environmental standards

### **Not everything legally allowed is acceptable to the market**

### **New forces influencing enterprises**

- Changing markets
- Shared responsibilities in the chain
- Pension funds and banks demand sustainability
- Unions: better environment and fair trade
- NGO's (non governmental organisations) make and break reputations

### **Moving from Quality of the environment to Quantity aspects of nature capital**

#### **Driving forces sustainable entrepreneurship**

- Ethical standards: value creation
- profit and continuity
- Government regulations
- cost savings
- marketing
- social pressure
- access to capital

#### **Strategic perspectives for environmental management**

- outside-in (regulations, market and ngo's pressure)
- inside-in (firms resources/capabilities, structure, environmental risks)
- inside-out (network and dependency, major environmental problems)

#### **New investment criteria**

1. Can I afford it?
2. Does it work?
3. Do I like it?
4. Is the product intelligent?
5. Is it socially just?
6. Is it fun?

#### **Managing transition to the sustainable enterprise**

1. Unfreeze today's focus
2. Establish sense of urgency
3. create long term target area
4. Design short term gain
5. Develop intermediate transition steps
6. Make it good economics and good fun

#### **Steps towards sustainability**

1. Signal your intension
2. Enrich investment area
3. Innovate and thrive
4. Rematerialise
5. Accrue wealth
6. No regulations but good fun economics

#### **Mensenrechten standaarden**

- Universele Verklaring van de Rechten van de Mens (Verenigde Naties)
  - Burger- en politieke rechten
  - Sociale- en economische rechten
  - Culturele rechten
- ILO
- OESO

## Maatschappelijk Verantwoord Ondernemen (MVO) wordt bepaald door de mate van concurrentie

Marktsituatie	Conditie voor MVO	probleem
Volledige monopolie	slecht	geen noodzaak tot MVO
Sterke concurrentie	goed	reputatie, verantwoording
Volledige mededinging	slecht	extra kosten voor MVO

### Het 7 stappen-model

1. Wat is het moreel kernprobleem?
  - a. Brainstorm
  - b. Relevante bespreekpunten
  - c. Kernprobleem in vraagvorm (Is .... ondanks ...)
2. Wie zijn de betrokkenen?
3. Wie moet de beslissing nemen?
  - a. verantwoordelijke personen
  - b. verantwoordelijke instanties
4. Welke informatie heb ik nodig?
5. Welke argumenten kunnen worden aangevoerd?
  - a. Argumenten pro
  - b. Argumenten contra
  - c. Argumenten categoriseren als
    - i. Beginselgericht (moreel principe of moreel recht)
    - ii. Gevolggericht (welzijn betrokkenen)
  - d. Bij tegenstellingen van Beginsel en Gevolggericht gaat de voorkeur uit voor Beginselgericht (tenzij beargumenteerd)
6. Wat is de conclusie?
  - a. Weging van pro's en contra's
  - b. Conclusie t.a.v. kernprobleem
  - c. Actiebepaling die
    - i. recht doet aan de conclusie
    - ii. rekening houdt met de argumenten tegen
7. Hoe voel ik mij nu
  - a. Herhaling (Zou ik opnieuw zo beslissen?)
  - b. Openbaarheid (Bereidheid tot uitdragen beslissing naar buiten toe)
  - c. Residu (Blijf ik ergens mee zitten?)