

Editorial

Contributions to the Business of Ethics

Morals, laws and ethics determine what is good or right for human beings and society, what goals people and society ought to pursue, what rules should govern desirable behaviour and what actions they ought to perform. However, they are not the same.

Morals are derived from the conventional social norms and expectations that guide behaviour. People of different ethnic backgrounds hold different views about many social norms, such as marriage, the right way to do business, etc. Morals are often associated with the views or precepts of religions. A religion is the set of beliefs, feelings, dogmas and practices that define the relations between human beings and a sacred or divine entity. Religions promise that current behaviours will lead to future rewards or punishments.

Laws are the written standards, codes and regulations of government organisations by which people are expected to govern themselves and their institutions. Good laws are expected to reflect the moral values and norms of society but not necessarily religious values. Unlike religions laws threaten immediate punishment for non compliance.

Morality and laws differ from ethics. Ethics is based on reasoned arguments leading to principles that can be applied to guide behaviour. Leading ethical theories that are often contrasted are utilitarianism, which promotes taking decisions based on the greatest good for the greatest number, and deontological theories in which motives rather than consequences provide a rationale for decisions. Other theories emphasize human rights, justice and fairness. In each case, ethics provides a philosophical rationale for the justification of ethical principles, decisions, and resolution of problems. Unlike morals and laws, ethics is concerned with human and social conduct that is done knowingly and voluntarily.

Business ethics is not a special set of ethical rules but the application of ethical rules to a business context. If a society's ethical rules say that dishonesty is unethical and immoral, then anyone in business, who is dishonest with employees, customer, creditors, stockholders, or competitors, is acting unethically and immorally. If protecting people from harm is considered to be ethical, then a business firm that recalls a defective product is acting in an ethical way.

Corporate governance is an ethical pursuit because it is about the principles governing the relationships between shareholders, management and other stakeholders. Issues concerning the relationships with society include hostile take-overs, industrial espionage, political contributions, pollution and corporate social responsibility. Within corporations, issue can refer to workplace safety, child labour, bribery and corruption. Many of these governance issues are also the focus of company laws. The difference is that governance decisions are voluntary, and like ethics, based on principles rather than being prescriptive.

The papers in this edition reflect these principles. The first paper by Heenetigala et al reports the results of a study to develop environmental, social and governance (ESG) measures of the corporate social responsibility initiatives of listed mining companies in Australia. ESG measures attempt to recognise how corporate decisions to promote corporate social responsibility add value not only to society but to the bottom line in companies. This is a particular issue for mining companies who are better known for their environmental damage and devastation of local communities. Measurement of ESG is not usually among the skill sets of financiers and managers and this study is seen as an attempt to show how it can be done.

The second paper by Khreish presents a study of the relationships between a bank, the bank staff, and the bank's customers and how good relationships lead to co-creation of value for the bank and its

customers. Trust and mutual benefit were key elements in the relationship. The third paper also examined the actions of large corporations. In this case, the paper addresses the dominance in the food distribution chain of the large supermarkets in Britain. The authors, Hallsworth and Wong argue that such dominance is an ethical issue as it is a form of tyranny that not only limits the choices of the population at large but illustrates the exercise of power beyond what is right.

The final paper by Gery and Zeleznikow provides an argument for the right of prisoners to have access to the Internet. While their rights to safety, dignity, education, privacy, wellbeing and freedom of speech must be satisfied, these must be balanced by the possibility of possible harm that could be caused by misuse. The authors conclude that the competing rights between the rights of the individual, in this case a prisoner, and the rights of the community can be managed by appropriate supervision.

The papers in this issue of the Journal address ethical problems that emerge for large corporations. There is little doubt that the power and influence of large corporations pose distinct ethical problems. Whether corporations will commit to good governance practices such as corporate social responsibility initiatives, respect and responsibilities for relationships between corporations and customers or responses to human rights issues, remains to be seen.

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