

CHAPTER OVERVIEW

2: Corporate Social Responsibility and Business Ethics

Learning Objectives

After reading this chapter, you should understand the following:

- Define ethics and explain the importance of good ethics for business people and business organizations.
- Understand the principal philosophies of ethics, including utilitarianism, duty-based ethics, and virtue ethics.
- Distinguish between the ethical merits of various choices by using an ethical decision model.
- Explain the difference between shareholder and stakeholder models of ethical corporate governance.
- Explain why it is difficult to establish and maintain an ethical corporate culture in a business organization.

Few subjects are more contentious or important as the role of business in society, particularly, whether corporations have social responsibilities that are distinct from maximizing shareholder value. While the phrase “business ethics” is not oxymoronic (i.e., a contradiction in terms), there is plenty of evidence that businesspeople and firms seek to look out primarily for themselves. However, business organizations ignore the ethical and social expectations of consumers, employees, the media, nongovernment organizations (NGOs), government officials, and socially responsible investors at their peril. Legal compliance alone no longer serves the long-term interests of many companies, who find that sustainable profitability requires thinking about people and the planet as well as profits.

A great society is a society in which [leaders] of business think greatly about their functions.

—Alfred North Whitehead

This chapter has a fairly modest aim: to introduce potential businesspeople to the differences between legal compliance and ethical excellence by reviewing some of the philosophical perspectives that apply to business, businesspeople, and the role of business organizations in society.

[2.1: What Is Ethics?](#)

[2.2: Major Ethical Perspectives](#)

[2.3: An Ethical Decision Model](#)

[2.4: Corporations and Corporate Governance](#)

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Thumbnail: Shaking hands with euro banknotes hidden in the hands. (Public Domain; [Kiwiev](#) via [Wikipedia](#))

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