

Business Ethics

Managing a Responsible Business

by Igor Y. Abramov and Kenneth W. Johnson

ITA Good Governance Program

Ethics & Policy Integration Centre

Over the past few decades, governments, international institutions, transnational organizations, organized labor, and civil society have been engaged in an ongoing dialogue about the role of businesses as responsible stewards. Though the profit motive is understood and accepted, people do not accept it as an excuse for ignoring the basic norms, values, and standards of being a good citizen. Standards, procedures, and expectations to define the norms and values of responsible business conduct are emerging worldwide. Modern businesses are increasingly expected to be responsible stewards of community resources, which contribute to the growth and success of both their companies and their communities. Enterprises and markets that are unaware of these, or fail to plan with them in mind, will be unable to participate in the global dialogue and will risk being left behind as the world economy expands.

To help leaders in government, business, and civil society develop the conditions and social capital needed for businesses to flourish, we are publishing a manual to help busy owners and managers design and implement programs to meet emerging global standards of



responsible business conduct: *Business Ethics: A Manual for Managing a Responsible Business Enterprise in Emerging Market Economies.*

IMPROVING PERFORMANCE ETHICALLY

Businesses around the world are designing and implementing business ethics programs to address the legal, ethical, social, and environmental issues they face. By addressing these issues in a systematic way, enterprises have found that they can improve their own business performance, expand opportunities for growth, and contribute to the development of social capital in their markets. There is, of course, no one right way to design and implement a business ethics program, but the manual offers a step-by-step process by which owners and managers can explore the emerging body of global standards, procedures, and expectations. With the manual as a guide, they can adopt or adapt standards and procedures on a sector-by-sector and enterprise-by-enterprise basis, taking into account their particular circumstances, such as applicable laws and

regulations, the size of the enterprise, and its purpose.

The manual is intended to be a practical resource for owners and managers, and it therefore endeavors to provide a comprehensive framework for designing and implementing business ethics programs by addressing issues such as the following:

- What it means to be a responsible business;
- How to approach responsible business conduct as a strategy;
- Which structures and systems help management foster reasonable expectations among enterprise stakeholders as well as guide employees and agents to meet them;
- How to communicate with stakeholders about enterprise standards, expectations, and performance—and secure stakeholders' feedback;
- How to align management practices with core enterprise beliefs through a business ethics program; and
- How to evaluate performance under a business ethics program and learn from it.



For those enterprises ready to design and implement business ethics programs, the manual offers worksheets and appendices to aid owners and managers in collecting and analyzing data necessary to build effective programs.

IMPLEMENTING A BUSINESS ETHICS PROGRAM

The manual is organized according to the flow of business ethics program design and implementation—from defining key terms and addressing global standards and best practices through evaluating the business ethics program as a part of organizational learning. The manual first addresses the challenges enterprises often face, especially in emerging market economies. It argues that to be part of the solution to emerging-market problems and challenges, business enterprises need to improve their business performance, contribute to the social capital of their communities, and work with leaders in government and civil society to develop a market-oriented legal framework and reliable judicial

institutions. The manual then introduces the reader to the elements of a business ethics program, its function as a business strategy, and the emerging global standards and best practices of responsible business conduct:

- Setting and implementing policies, standards, and expectations;
- Building the structures and systems that owners and managers use to implement a business ethics program;
- Communicating with an enterprise's stakeholders about standards, procedures, and expectations, as well as about the enterprise's performance;
- Aligning its practices with an enterprise's core beliefs and the expectations created through its business ethics program; and
- Evaluating a business ethics program as an integral part of organizational learning and of what it means to be a responsible business enterprise.

The audience for this manual includes decision-makers in enterprises of all

sorts: business, government, academia, and civil society—and their professional advisers. Special attention is given to the unique needs of small and medium-sized enterprises. The owners and managers of such enterprises face particular challenges, and most chapters discuss specific issues facing smaller businesses. Some chapters have tables comparing the best practices of large, complex enterprises and cost-effective solutions for small and medium-sized businesses.

The challenges facing modern business are many. We hope that the manual will assist business leaders, owners, and managers to construct their own frameworks for being responsible stewards of their communities as they face challenging opportunities, demands, and constraints. ■