

Chapter 1

- If a bank must pay a higher rate to borrow than others do, then markets must have less confidence in the institutions financial strength
- Sarbanes-Oxley Act- requires corporations to have a code of ethics including standards that comply with the law and honesty etc
- Ethical reputation can provide an advantage
 - There have been consumer boycotts as a result of unethical conduct ex)nike, walmart, mcdonalds
- Does good ethics mean success?
 - Successful companies were found to place emphasis on their core values
 - These provide the ultimate guide in decision making
 - But regardless of whether values are good or not, still successful
 - Ethical values are the beliefs and principles that seek to promote human well-being in an impartial way
 - Trust, loyalty, initiative, creativity
 - Bad things: if other people cheat though, this will put you at a disadvantage
- Some think ethics is just compliance with the law but there is much ambiguity here so then you must make your own judgments
 - Many acts are not illegal until a court says they are (reactionary, after the fact)
 - Legal compliance vs ethical responsibility
 - Sometimes the law is just wrong or in conflict with moral code ex) slavery/abortion
- ethos generally defined as the decisions you should make based on the standards of your community, but instead of what is valued, ethics is what ought to be valued
 - Cultural norm
- Steps of ethical decision
 - Understand the facts
 - Identify ethical issues involved
 - Identify all stakeholders/understanding how they will be affected
 - Consider variety of people affected by the decision and diff perspectives
 - Employing moral imagination to understand alternatives
 - Considering how others will judge your decision- consider the consequences
 - Making a decision and monitoring/learning from the results

Class

- Case study: LIBOR manipulating interest rates
- Acknowledge systemic failures
- Marketing risk of unethical behavior
 - Reputation of company, brand equity and brand image
 - Ex) guy from factory that burned down was given tons of publicity for still paying its workers
 - Ex) toms gives shoes to people for every pair bought
- Values: beliefs or standards that incline us to act or choose in one way rather than another
- Ethical values
 - Serve the ends of human well being (not personal/selfish)
 - Ethical acts and choices should be acceptable and reasonable from all points of view
 - Impartial values