

Ethics

Quotations "If you want excellence, you must aim at perfection. It has its drawbacks but being finicky is essential."

- J.D.R. Tata

"History shows that where ethics and economics come in conflict, victory is always with economics. Vested interests have never been known to have willingly divested themselves unless there was sufficient force to compel them."

- B. R. Ambedkar

Questions

- What do you understand by the term 'business ethics'?
- Can you think of any companies or business which would be considered ethical or unethical? Which ones and why?
- What would you do if you discovered that your company was stealing vast amounts of client or government money?
- Is making money the only thing a company should be concerned about? If not, what else should companies be concerned about?
- Does the profit motive encourage companies to use any means necessary to achieve a profit?
- If you found out that your favourite company was conducting its business in an unethical manner, what would you do?
- Do different industries have differing levels of ethical standards?
- Should firms in developing nations be held to the same standard as those in developed nations?

Idioms

The bottom line = fundamental or most important factor

Thanks John for your thorough and detailed presentation for Q3 financials, so **the bottom line** is we have got to shrink our budget.

Tough decisions = difficult choices

Our accounting department is recommending that we cut our budget by over 70%, to achieve this we are going to need to make some **tough decisions**.

Ethical compass = a natural feeling of what is right or wrong

Introducing products which use factory farming techniques is against the **ethical compass** of the company.

In the long run = far into the future

At the moment our stock price has fallen significantly, nevertheless I feel that **in the long run** we will see a positive gain.

Paying the price = suffer the consequences for doing something risky

Since the department failed to reduce expenditures by around 40% we are now going to **pay the price** by introducing redundancies.

Veer off course = moving away from a desired path

The project seems to have **veered off course** as we are now investigating consumer habits instead of marketing strategy

Stay on track = remain focused on a task

We managed to **stay on track** for our research task and we finished ahead of time.

Volkswagen emissions scandal may affect thousands more cars

Wednesday, November 4, 2015

A 2010 VW Golf TDI with "Clean Diesel", one of the cars affected by the scandal.

Image: Mariordo Mario Roberto Duran Ortiz. The Volkswagen emissions scandal continued yesterday with the company announcing 800,000 mainly diesel vehicles may also be affected by carbon dioxide emissions problems.

The company stated "the safety of the vehicles is in no way compromised". They estimated potentially this could cost them €2bn on top of the €6.7bn set aside to pay for the cost of correcting 11 million cars affected when the scandal broke, in addition to fines by regulators.

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—Volkswagen

This follows Monday's revelation that the emissions scandal has affected up to 10,000 vehicles sold in the USA by brands in the Volkswagen group, although the company refutes the allegation. The United States Environmental Protection Agency (EPA), the regulatory body which has been investigating Volkswagen, claims the company fitted a number of recent Audi, Porsche, and Volkswagen models with technology that initiates secret components during emission tests to ensure the results are favourable.

The scandal began with damaging revelations that the car manufacturer has been using illegal software to enable diesel cars to cheat on mandatory emissions tests. This led to a public apology on September 20 by then-chief executive Martin Winterkorn and the promise of an outside inquiry. He then resigned on September 23, and was replaced by Matthias Müller. The new allegation about Porsche is of particular concern for Müller, because he had previously been in charge of Porsche.

The company is expected to foot the bill for the recall of close to 500,000 VW and Audi cars affected at the time. There is also the possibility of Volkswagen having to pay federal fines of up to US\$18 billion dollars because the US Clean Air Act sets a maximum fine of US\$37,500 for each vehicle that contravenes the requirements of the Act.

The software, known as a "defeat device", enabled cars to identify when they were being tested and to switch on the emission control system. The devices may have been adding urea to the car exhaust because that would reduce the amount of nitrogen dioxide. The car would release a fraction of the nitrogen oxide compared to when they were being driven normally. Emissions of nitrogen oxide contribute to smog and are thought to have caused a rise in respiratory illnesses like asthma.

Source: https://en.wikinews.org/wiki/Volkswagen_emissions_scandal_may_affect_thousands_more_cars

Scenario

- Your company is growing and hiring new people each week. A new employee for a sales position in online marketing is highly qualified and is the best person for the job. The candidate is male but internal company research has shown that female candidates are able to close more sales deals and clients generally prefer female salespeople. What do you do?
- Your company produces highly complex printing machines for large industrial clients. Your clients are in wealthy nations which are happy to pay above market rates to have access to your products. Your products are manufactured in generally more challenging countries where labour rules are not enforced and government protection of workers rights are limited. Your factory employees are paid below market rates. What do you do? What plans can you implement?

Presentation

Create a presentation on how a large business of the day can become more ethical. Try to explore how they operate now and how they could become more ethical in just a few changes.