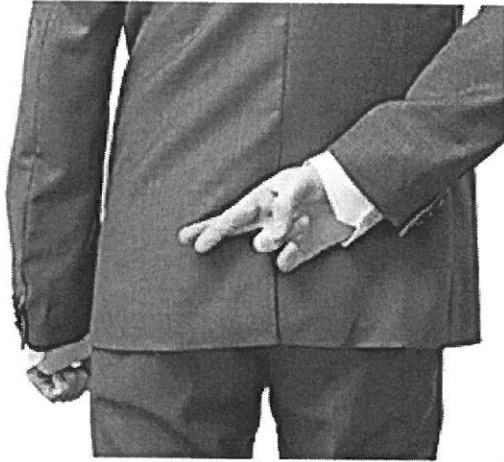


Seeking Normative Standards for Business: The Protocols of Business Ethics

JULY 28, 2011 BY ROBERT E. MCNULTY AND W. MICHAEL HOFFMAN



Editor's note: This is an excerpt from "Business Ethics Perspectives on International Negotiations" by Robert E. McNulty and W. Michael Hoffman of Bentley University's Center for Business Ethics.

Some have suggested that the idea of "morality" is simply a function of what we like or desire as individuals or as communities. Yet, we know what is good or right to do is often not what we want to do, and that we get in trouble when we give free reign to our wants at the expense of what we know to be right. It is this idea that is not only behind business ethics, but also human rights. Indeed, before the field of business ethics was established, it was germinating and taking root in the ideas of universal human rights. Once the concepts of human rights and business ethics took root, they have grown in strength and sophistication as they have been given new expression in a series of protocols pertaining to the ethical rights and duties of persons and organizations. The following is a list of some prominent codes on the ethical duties of organizations:

The Universal Declaration of Human Rights[1]:

The Universal Declaration of Human Rights (UDHR) was adopted by the UN General Assembly in 1948. Although it was not intended specifically to be a guide for the ethical conduct of business or negotiations, it is the most important international expression of the rights that are deemed to apply to all human beings. As such it provides guidance that can be of direct applicability on what is and is not permissible business activity. For example, the UDHR states that all human beings have the right to freedom, to property, to education, and to work, and that elementary education for all children is not only a right but should be universally compulsory. What is profoundly significant about the UDHR is that it is an expression of moral claims on individuals, organizations and even countries irrespective of their consent. The Declaration expresses a view in which morality is coextensive with humanity, and moral duties apply not only to individuals, but to human institutions including governments and businesses.

The Sullivan Principles:

The Sullivan Principles were first published in 1977 by Rev. Leon Sullivan as a way of providing guidance on how international businesses could conduct business in South Africa without supporting the apartheid regime of that time.[2] Then in 1999, with the support of the UN Secretary General Kofi Annan, Rev. Sullivan published the Global Sullivan Principles of Social Responsibility. These eight essential principles are as follows: [3]

- Support universal human rights and, particularly, those of employees, the communities within which businesses operate, and those with whom a business does business.
- Promote equal opportunity for all employees, and operate without unacceptable worker treatment such as the exploitation of children, physical punishment, female abuse, involuntary servitude or other forms of abuse.
- Respect employees' voluntary freedom of association.
- Compensate employees to enable them to meet at least their basic needs and provide the opportunity to improve their skill and capability in order to raise their social and economic opportunities.
- Provide a safe and healthy workplace and promote sustainable development.
- Promote fair competition including respect for intellectual and other property rights, and not offer, pay, or accept bribes.
- Work to improve the quality of life in the communities in which a business operates and seek to provide training and opportunities for workers from disadvantaged backgrounds.
- Promote the application of these Principles by those with whom we do business.

The Caux Round Table Principles of Business

The Caux Round Table (CRT) [4] was founded in 1986 as an international network of business leaders working to promote a moral capitalism for a fair, free and transparent global society. Central to the CRT are seven philosophical propositions, followed by six stakeholder principles. The essence of the principles is as follows:

1. Beyond Shareholders toward Stakeholders;
2. Economic and Social Responsibility;
3. Beyond the Letter of the Law toward Trust;
4. Beyond Trade Friction toward Cooperation;
5. Beyond Isolation toward World Community;
6. Beyond Environmental Protection toward Enhancement;
7. Beyond Profit toward Peace.

The Principles also identify the central business "stakeholders," as 1. Customers; 2. Employees; 3. Owners/Investors; 4. Suppliers; 5. Competitors; 6. Communities. The principles are general and aspirational, and include tools for self-assessment.[5]

The United Nations Global Compact

The United Nations Global Compact was announced in 1999 by then United Nations Secretary General Kofi Annan, in order to encourage businesses to align their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. These principles are as follows:[6]

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

ISO 26000:

The International Organization for Standardization (ISO) is currently developing an international standard on social responsibility (SR), which is to be known as ISO 26000. The final form of the ISO SR standards is not expected to be published until 2010. It is noteworthy that an organization as influential as ISO has included social responsibility among the areas that it is attempting to define. In so doing, ISO is taking a stand that social responsibility is a subject that is neither subjective nor discretionary, but rather something with sufficient definition that international standards can be identified and promulgated.[7]

One thing that all of these proposed standards have in common is that they are all voluntary and none of them involve outside certification.

[1] For information on this, see the Universal Declaration of Human Rights website at:

<http://www.unhchr.ch/udhr/>

[2] See <http://muweb.marshall.edu/revleonsullivan/principled/principles.htm>.

[3] Adapted from <http://www.thesullivanfoundation.org/gsp/principles/gsp/default.asp>.

[4] This is drawn from the website: Caux Round Table, "Caux Round Table: Charting a New Course for Business," (2003), <http://www.cauxroundtable.org/>.

[5] Kenneth E. Goodpaster, "The Caux Round Table Principles: Corporate Moral Reflection in a Global Business Environment," in *Global Codes of Ethics: An Idea Whose Time Has Come*, ed. Oliver F. Williams (Notre Dame, Indiana: University of Notre Dame Press, 2000), 190-91.

[6] Drawn from: <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

[7] International Organization for Standardization, "Social Responsibility," 2008, <http://isotc.iso.org/livelink/livelink/fetch/2000/2122/830949/3934883/3935096/home.html>. For an informative discussion of this emerging standard see Han-Kyun Rho, "Understanding the Nature of ISO 26000," in *Combining Sustainability Management and Governance Structure* (Nankai University, China: 2007).