**P3 - The Social Implications of Business Ethics**

Social implications refer to those actions of business that have an effect on society as a whole. These issues relate to a number of areas of activity. The areas of activity we will look at are:

* Ethics in finance
* Ethics in human resource management
* Ethics in production
* Ethics in sales and marketing
* Ethics in intellectual property

**Ethics in Finance**

In financial dealing and payments, there is scope for several kinds of unethical behaviour. Regulations and voluntary codes try to make sure that ethical practices are observed.

Bribery - This is a form of corruption. It is the straightforward use of financial muscle to gain unfair advantage over others.

Executive pay - Should top executives be paid rises that are unrelated to effort? Companies in the US now have to include in their annual reports a single figure for the total pay of their executives. This tells shareholders exactly what their top executives are earning.

Insider trading - This refers to illegal use of privileged information in dealing on a stock exchange. Detected in the UK by the Securities and Investment Board (SIB) and in the US by the Securities and Exchange Commission (SEC).

Lobbying - This means to approach an MP or minister with requests for actions or information. The intention is to persuade politicians to adopt a particular cause or issue to benefit it. It can be a source of corruption.

**Ethics in Human Resource Management**

The law is used to ensure that when jobs are advertised, there is no discrimination. People are entitled to feel that job selections are made on the basis of merit rather than on the basis of race, nationality, gender or other unfair grounds. This is why human resources professionals are trained to avoid discrimination of all kinds.

Worker surveillance can be an important question in some organisations. The question is, to what extent is it reasonable for a member of staff to be watched, to have their emails checked, to have calls listened in to? There are important questions of privacy involved. How safe will staff feel if their management 'snoops' on them?

**Ethics in Production**

The production of goods can lead to ethical problems for business, e.g. animal testing - British law requires that any new drug must be tested on at least two different species of live mammal. The Animals Act 1986 insists that no animal experiments should be conducted if there is a realistic alternative.

Planned Obsolescence - Businesses try to convince people, partly through advertising and promotions, that they need products. There is nothing unethical in this. However, it is not in the interests of business to produce goods that last forever. Planned obsolescence is the deliberate development of products that will need replacing after a time (e.g. Microsoft, IPhone)

**Ethics in Sales and Marketing**

Sometimes businesses employ unethical means to try and generate sales. They can do this in a number of ways:

* Spamming
* Spoofing
* Raising their own status
* Greenwashing

**Ethics in Intellectual Property**

Intellectual property (IP) law allows people to own their creative work in the same way that they can own physical property. The owner of intellectual property can control and be rewarded for its use. This encourages further innovation and creativity to the benefit of everyone. The four main types of IP are:

* Patents for inventions
* Trade marks for brand identity
* Designs for product appearance
* Copyright for material

This means that those individuals or business organisations that have invested their time, resources and talents to create something useful or enjoyable for others, have rights to protect it from being stolen. This applies to computer software as well as to music records.