

SUNDAY, NOVEMBER 06, 2005

Interview with Stuart Hart on the Bottom of the Pyramid

Here are a few interesting quotes I found in a [short interview](#) with Professor Stuart Hart on the latest developments around the [Bottom of the Pyramid concept](#) in an interview in Business Ethics Magazine.

"Western capitalists need to enlist the entire human community in the capitalist dream, which is about pulling yourself up. Unless we can do that for everyone — in a way that respects local culture and doesn't destroy underlying ecosystems — global capitalism is in trouble".

"When **C.K. Prahalad** and I started working on this in 1998, people thought we were nuts. Nobody would publish it. It became an underground paper on the Internet, getting a fair amount of corporate visibility. The inflection point was Sept. 11. After that, it was published almost immediately, coming out in Strategy and Business in January 2002. **Suddenly people could see how this way of thinking had implications for security, because it deals with the roots of terrorism**".

"We're also looking at creating a worldwide network of collaborating BOP labs at other business schools".

If you have thoughts or experiences to share around this intriguing BOP concept, please enter your Comments.

POSTED BY MLOGS AT [SUNDAY, NOVEMBER 06, 2005](#) | [1 COMMENTS](#)

THURSDAY, AUGUST 18, 2005

The Value of Corporate Values

An outstanding in-depth article on the **Value of Corporate Values** can be found in an article by Reggie Van Lee, Lisa Fabish, and Nancy McGaw in [this month's S+B](#).

Based on a survey at 365 companies in 30 countries, the authors claim **"increasingly, companies around the world have adopted formal statements of corporate values, and senior executives now routinely identify ethical behavior, honesty, integrity, and social concerns as top issues on their companies' agendas"**.

The highlights of the survey and article are:

1. A large number of companies are making their values explicit. That's **a change — quite a significant change — from corporate practices 10 years ago**. The ramifications of this shift are just beginning to be understood.
2. Ethical behavior is a core component of company activities.
3. Most companies believe values influence two important strategic areas — relationships and reputation — but do not see the direct link to growth.
4. Most companies are not measuring their "ROV."
5. Top performers consciously connect values and operations.
6. Values practices vary significantly by (continental) region.
7. The CEO's tone really matters.

The article provides quantitative data about these 7 findings and concludes with "A commitment to corporate values may be in vogue, but the public will remain suspicious until corporations both understand and can demonstrate that they are committed to using values to create value".

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THURSDAY, MAY 26, 2005

Top banker enters "business ethics" fray

The head of Switzerland's largest bank has outlined his vision of how companies can regain public trust, in the context of a growing debate about "business ethics".

Peter Wuffli, group CEO of banking giant UBS, condemned what he called the "almost cyclical abuse of power by business leaders" that led to a series of high-profile corporate collapses in recent years.

However, he told the 35th annual ISC conference at St Gallen University that **society now ran the risk of "going too far" and "crushing" business with arbitrary new regulations**.

Wuffli said the time had come to "give corporations the chance to earn back the trust of society", and argued that businesses — like individual human beings — "need freedom".

"For a large, global listed corporation, there is simply no alternative to maximising the profit potential relative to relevant competitors."

However, he said this did not mean only "cold-blooded short-term profit maximisers [would be] rewarded by the financial markets".

He said companies could only be successful if they "balanced the interests of various stakeholder groups" — particularly customers and employees.

"Responsible corporate leadership means delivering on a profit-oriented mandate in a way that is fully transparent and in line with its stated values, vision and strategies," he said.

However, he concluded: "It is only individuals who can act responsibly. A company is as ethical as its people – every single one of them." [Article in Swiss Info](#)

POSTED BY MLOGS AT [THURSDAY, MAY 26, 2005](#) | [0 COMMENTS](#)

TUESDAY, MAY 24, 2005

What is an "outside accounting firm"?

Our home association bylaws mandate that an "outside accounting firm" be employed to do our accounting. Members of the Board maintain that that would not preclude a resident of the home association being contracted as our accountant so long as he or she is not an employee; being paid a salary, payroll deductions; etc.h, but not an employee of the association. Those on our newly formed ethics committee maintain that the intention of the authors of the bylaws was to preclude the use of a resident as accountant in that he or she would have a personal interest as a member of the homes association, and therefore, would be considered as an "inside accounting firm," not an "outside accounting firm." That "outside accounting firm" is meant that the firm is outside the physical residences of the Homes Association. We need to have an opinion from an ethics organization to support our position to ask for the release of this one-person resident accountant and hire the services of a firm outside the premises of our homes association. Please help.

POSTED BY KARA AT [TUESDAY, MAY 24, 2005](#) | [3 COMMENTS](#)

SUNDAY, MAY 01, 2005

Business Ethics for SMEs

This month, Ethics Today (the Newsletter from the Ethics Resource Center) focuses on **ethics initiatives in smaller organizations**. More often than not, resources and new insights for organizational ethics are assumed to have universal appeal. However, their research and experience have revealed that organizations with fewer than 500 employees represent a very different mix when it comes to effective ethics program efforts.

On the one hand, small businesses exist as streamlined examples of the impact of organizational leadership on a company's ethical culture.

On the other hand, smaller organizations are much less likely than larger ones to have in place what we now consider to be "formal elements" of an ethics program, namely written ethics standards, ethics training, a dedicated ethics office/advice line, and a means to report misconduct anonymously.

In May 2004, the U.S. Department of Commerce published a manual for corporate responsibility programs that integrates corporate governance, organizational ethics, and social responsibility. "**Business Ethics: A Manual for Managing a Responsible Business Enterprise in Emerging Market Economies**" was co-authored by ERC Principal Consultant Kenneth W. Johnson and Igor Y. Abramov, Senior Advisor, Market Access and Compliance, International Trade Administration,

Department of Commerce.

Because the bulk of businesses in all economies, especially emerging market economies, consist of small to medium-sized enterprises (SMEs), note the authors, most chapters discuss specific issues facing SMEs. Some chapters have tables comparing the best practices of large, complex enterprises and cost-effective solutions for the SME.

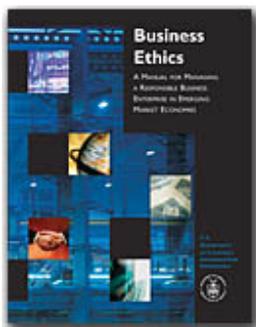
Chapter 6 (pages 129-140) examines business ethics infrastructure -- the structures and systems that help enterprise owners and managers address issues of responsible business conduct. The manual details the best practices that have been developed by large, complex enterprises (LCEs). While valuable for similarly situated enterprises in emerging market economies, they can also serve as models for small to medium-sized enterprises (SMEs). By considering the best practices that have been generated over countless hours by larger organizations, SMEs can design business ethics infrastructure that meets world-class standards but is tailored to the requirements of an SME.

According to the authors, leading enterprises, government agencies, and NGOs have found that an effective business ethics program addresses functions at seven levels of responsibility. Table 6.1 describes how a typical SME might staff these seven responsibility functions. Also in this chapter is a box that lists "Ten Ways Small Business Owners can Prevent and Detect Fraud."

The book contains numerous practical examples, worksheets and checklists, a bibliography, a glossary, and-in its nine appendices-numerous examples of business ethics policies adopted by various countries and organizations.

The manual can be downloaded for free at:

<http://www.ita.doc.gov/media/Publications/blurbs/ethics2004blurb.html>. (Printed versions are available for sale also at that site.)



Book- Business ethics: A manual for managing a responsible enterprise in emerging market economies

Business enterprises looking for guidance on how to operate in accordance with modern standards of corporate accountability and ethics need look no further than this comprehensive guide to business ethics.

Designed as a training tool for enterprises operating in countries that have just recently transitioned to a market economy, *Business Ethics* will also be useful to decision-makers in any organization that is seeking to design and implement a business ethics program that conforms to global standards.

The 10 chapters of *Business Ethics* are organized into five sections that answer the questions:

- What is a responsible business enterprise?
- What constitutes a business ethics program?
- How is a business ethics program structured?
- How is a business ethics program put into practice?
- How can responsible business conduct be achieved?

Numerous practical examples drawn from successful European and American companies are located throughout the text. Worksheets and checklists in each chapter provide guided exercises for students, ensuring that the book is equally appropriate as part of a training program or for self-study.

Fully indexed, *Business Ethics* also contains an extensive bibliography, a glossary that explains the basic terminology of business ethics, and—in its nine appendices—numerous examples of business ethics policies adopted by various countries and organizations.

According to Peter Eigen, chairman of Transparency International, *Business Ethics* "is an excellent, comprehensive, and easy-to-use manual on business ethics. Business people, governments, and civil society organizations ready to fight corruption will welcome this practical guide."

(May 2004; xxv, 347 pages; ISBN 0-16-051477-0) **Online:** [PDF Format](#) (2.8MB)

Print: [Superintendent of Documents](#)

Stock Number: 003-009-00731-3

Price: \$49.00

Reprint: [National Technical Information Service](#)

Order Number: PB2004-104959

Paper, CD, microfiche, or electronic download

Availability

More on **Business Ethics in SMEs** can be found at the [Ethics Resource Center](#), a great source of information on Business Ethics.

POSTED BY ISAACW AT [SUNDAY, MAY 01, 2005](#) | [0 COMMENTS](#)

FRIDAY, APRIL 01, 2005

Firms are nervous about ethics and fast to fire

Two senior investment bankers at Bank of America were summoned to a meeting where their boss, visibly uncomfortable and flanked by bank lawyers, read them a statement. They were both dismissed and asked to leave the building immediately. The decision was final.

Stunned, the bankers asked if they had broken any regulations. No, they were told. Nor had they traded on any inside information. Within the hour, they had turned in their BlackBerrys and laptops and were on their way home to the suburbs.

This example illustrates one effect of heightened regulatory scrutiny in the United States after the collapse of Enron and other companies. **Corporations and their boards are adopting zero-tolerance policies and increasingly holding their employees to lofty standards of business and personal behavior.**

The result is a wave of abrupt firings as corporations move to stop perceived breaches of ethics by their employees that could result in law enforcement action, or public relations disasters.

In the ruthlessly competitive world of investment banking, the two investment bankers at Bank of America had been doing what presumably was their job. Acting on a tip from a rival banker, they had called a company preparing to merge with another and asked to get in on the deal.

In a different era, such a ploy might well have been seen as an example of what hungry bankers do to secure an inside edge with a client and maybe even a better bonus - not an inappropriate use of confidential information and cause for termination.

'We are in a regulatory frenzy,' said Ira Lee Sorkin, a senior white-collar-crime lawyer at Carter Ledyard & Milburn in Manhattan. [Read on.](#)

POSTED BY MLOGS AT [FRIDAY, APRIL 01, 2005](#) | [0 COMMENTS](#)

MONDAY, MARCH 14, 2005

Supposed unethical behavior by MBAs applicants punished severely

"I know everyone is getting more and more anxious to check status" of applications, read the message posted to a BusinessWeek.com discussion group by someone using the screen name "brookbond."

"So I looked around their site and found a way."

Over the next nine hours, about 150 prospective MBA students pasted a URL address into a Web browser and typed in a passcode in an attempt to learn their fates.

The consequences were severe. Harvard Business School, the MIT Sloan School of Management and Carnegie Mellon University's Tepper School of Business have pledged to reject any applicants who tried to get an early peek at their acceptance or rejection letter.

[Read the rest of this story.](#)

I'd say that's a pretty hypocrite action of those colleges, who in the past have largely neglected ethics in their courses.

POSTED BY MLOGS AT [MONDAY, MARCH 14, 2005](#) | [1 COMMENTS](#)

WEDNESDAY, DECEMBER 29, 2004

Bestselling Business Ethics Books

POSTED BY MLOGS AT [WEDNESDAY, DECEMBER 29, 2004](#)

FRIDAY, OCTOBER 29, 2004

Waivers of codes of conduct and E.

In an interesting article in Ethikos of September 2004, Rebecca S. Walker discusses **Waivers of codes of conduct and E.**

Section 406 of Sarbanes-Oxley requires companies to disclose whether or not they have adopted a code of E. for senior financial officers, and if not, why not.

The **SEC regulations implementing section 406** ("SEC Implementing Regulations") define a **code of E.** to mean written standards that are reasonably designed to deter wrongdoing and to promote:

- (i) honest and ethical conduct, including the ethical handling of actual and apparent conflicts of interest;
- (ii) full, fair, accurate, timely and understandable disclosure in reports and documents filed with or submitted to the SEC and in other public communications;
- (iii) compliance with applicable laws, rules and regulations;
- (iv) prompt internal reporting of code violations to an appropriate person; and
- (v) accountability for adherence to the code.

Companies must immediately disclose any amendments of the code in a public filing with the SEC on a Form 8-K or on the company's Internet site.

On November 4, 2003, the SEC approved NYSE Rule 303A.10, including a requirement that NYSE-listed companies adopt and disclose a code of B. conduct and E. applicable to all directors, officers and employees. **Any waivers of the code for directors and executive officers may be made only by the board of directors or a board committee and must be promptly disclosed to shareholders.**

But, what is a waiver? The SEC Implementing Regulations defines a waiver as "*the approval by the registrant of a material departure from a provision of the code of E.*" The NYSE and the Nasdaq have not articulated any definition of a waiver.

According to Walker, "**Given the SEC's definition of a waiver as a material departure from a provision of the code, it would seem possible to draft a code so as to avoid the need to grant a waiver under most circumstances**", since "**Most of the requirements for contents of codes are broad enough that language could be drafted to minimize the need to authorize a departure**".

POSTED BY MLOGS AT [FRIDAY, OCTOBER 29, 2004](#) | [0 COMMENTS](#)

FRIDAY, OCTOBER 08, 2004

Review Book Gertrude Himmelfarb: The Roads to Modernity

A new book from **Gertrude Himmelfarb** is called "**Roads to Modernity**". It provides an overview of the British, French and American Enlightenments with an

implicit focus on moral and ethical aspects.

There are periods in time when the situation in the world, or at least in some countries appear to be right for fundamental changes in thinking to occur. One such period is called the **Period of Enlightenment**. It began in **France** around 1650, the **British** following from around 1700 and the period ended with the revolutions in America and France at the end of the century (c. 1800).

With many extremely influential thinkers such as:

- In **France**: de Montaigne, Pascale, Descartes, Voltaire, Rousseau, Turgot, de la Mettrie
- In **Scotland/Britain**: Shaftesbury, Locke, Hutcheson, Hume, Adam Smith, Wesley
- In the **US**: Jefferson, Washington, Hamilton, Adams, Franklin, Paine, and Burke

it can be said that **the enlightenment was the period of time that gave us much of the philosophical underpinning of our current time.**

In 'The Roads to Modernity' Dr. Himmelfarb (Professor emeritus of history - University of New York) discusses the Enlightenment as it happened in England, France and America. The biggest **strengths of this book** are:

- Himmelfarb's impressive historical knowledge that enables her to provide a very clear and sometimes humorous overview of the enlightenment period,
- The many precise bibliographical references and philosophers quotes she gives for further reading,
- Her accessible, succinct and captivating style (Once I started reading this book from Himmelfarb, it was difficult for me to stop), and
- (For us as ethical interested people) Himmelfarb's focus on moral and ethical aspects.

Himmelfarb's book is an ***explicit attempt to prove that while the Enlightenment has been considered as primarily a French happening, the American and particularly the British contributions were probably just as or even more significant.***

As always, it is important to keep this starting point or assumption in mind when reading this superb book. If you do that, then you can forgive Himmelfarb for not

being able to escape her own cultural biases, being an American herself and having written many books on the (British) Victorian time.

- For a positive view on the French, this is not the book you are looking for :-)
The French in this book are pictured as getting everything wrong. They are dogmatically opposed to religion, contemptuous of the public, opposed to philanthropy, supportive to Enlightened Despotism while their emphasis on reason over all leads directly to the Terror of the French Revolution.
- Almost by surprise, at the end of the book the Americans get a lot of credits in being at this moment the closest to the 'ideal', which - as far as Himmelfarb is concerned - is the thinking at the time of the Social Virtues of Britain at the end of the 18th century.

Should you want to buy this fascinating book at Amazon or see more reviews, [click here](#).