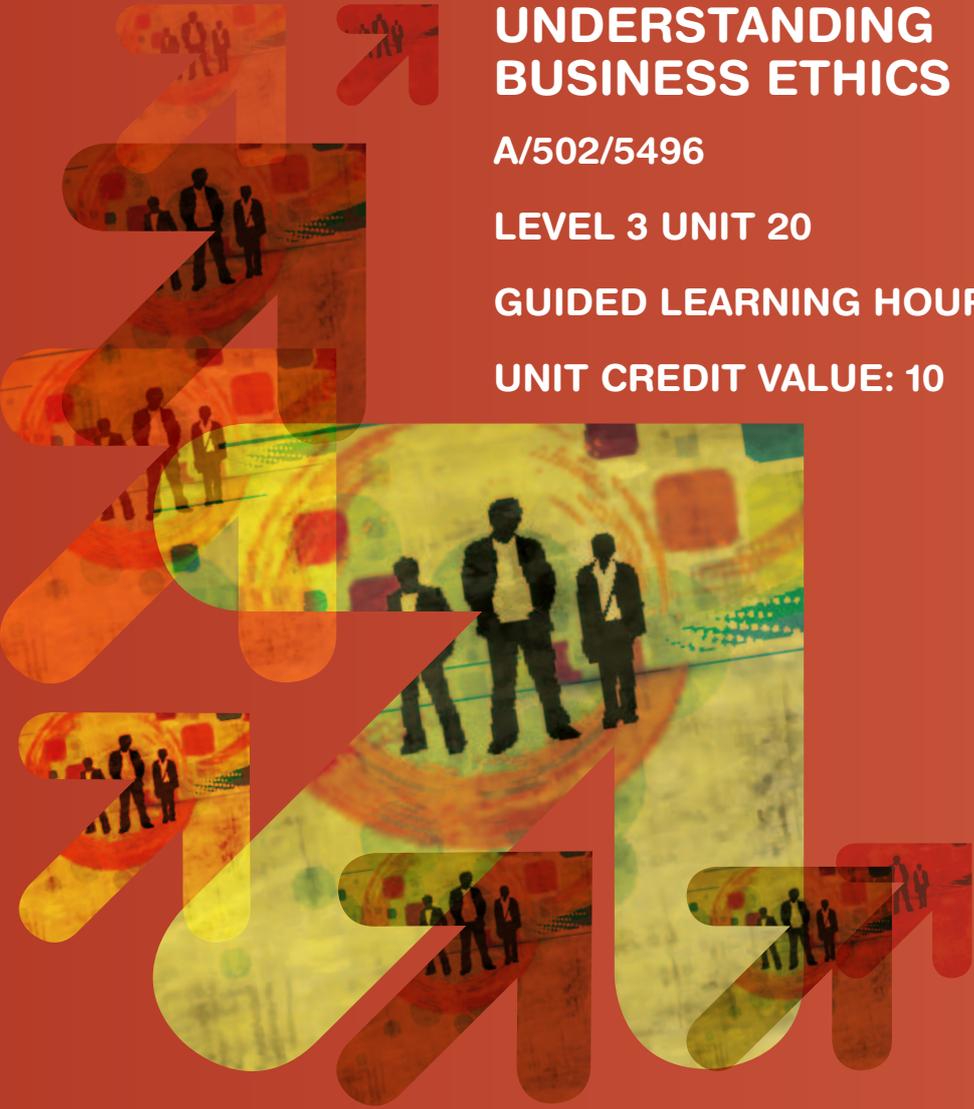




Accredited

OCR LEVEL 3 CAMBRIDGE TECHNICAL CERTIFICATE/DIPLOMA IN BUSINESS



UNDERSTANDING BUSINESS ETHICS

A/502/5496

LEVEL 3 UNIT 20

GUIDED LEARNING HOURS: 60

UNIT CREDIT VALUE: 10



UNDERSTANDING BUSINESS ETHICS

A/502/5496

LEVEL 3 UNIT 20

AIM OF THE UNIT

Businesses do not exist in isolation; their actions have an impact on the various stakeholders of the business, national and international organisations and society at large. No matter how large a company, it cannot ignore the importance of ethics and of making decisions that seem right, fair and ethical to society.

This unit introduces the concept of business ethics, ethical values and contemporary ethical issues faced by businesses. Ethics are explored from the point of view of the activities that businesses carry out on a daily basis and from the point of view of the stakeholders, of the organisations involved in legislating, regulating and influencing businesses and of society.

In this unit, learners will gain an understanding of the importance of ethics in business, the impact of different stakeholders on business decisions and how the issues involved can at times be contradictory and difficult to address. Learners will also learn about corporate social responsibility (CSR) and the implications of CSR for the different areas of business activity. Finally, learners will gain an understanding of the ethical concerns of different types of communities in which businesses operate.

ASSESSMENT AND GRADING CRITERIA

Learning Outcome (LO)	Pass The assessment criteria are the pass requirements for this unit. The learner will:	Merit To achieve a merit the evidence must show that, in addition to the pass criteria, the learner is able to:	Distinction To achieve a distinction the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
1 Understand the meaning and importance of ethics in the business world	P1 explain the ethical issues a business needs to consider in its operational activities	M1 analyse the difficulties faced by a business in addressing ethical issues	
2 Understand the implications of businesses operating ethically	P2 explain the implications for the business and stakeholders of a business operating ethically		
3 Know the social implications of business ethics	P3 describe the social implications of business ethics facing a selected business in its different areas of activity		
4 Understand ethical concerns facing different communities.	P4 examine the ethical concerns of the communities in which a selected business operates	M2 analyse how the ethical concerns of the community in which it operates affects a business	D1 evaluate how a specific business could address the ethical concerns of the community in which it operates

TEACHING CONTENT

The unit content describes what has to be taught to ensure that learners are able to access the highest grade.

Anything which follows an i.e. details what must be taught as part of that area of content.

Anything which follows an e.g. is illustrative, it should be noted that where e.g. is used, learners must know and be able to apply relevant examples to their work though these do not need to be the same ones specified in the unit content.

Learning Outcome 1 Understand the meaning and importance of ethics in the business world

- Definition of ethical values: honesty, integrity, fairness
- Ethical issues that need to be considered by businesses: corporate social responsibility, environmental impact, legislation and regulation, ethical outsourcing, fair trade; employee relations, financial ethics, ethical culture, code of conduct, professional ethics at individual level
- Benefits and difficulties of addressing ethical issues

Learning Outcome 2 Understand the implications of businesses operating ethically

- Identification of stakeholders: employees, suppliers, customers, shareholders/owners, competitors, government, the media, the community
- Implications for businesses, stakeholders' expectations, conflicts of interest, level of influence of different stakeholders, reputation and image, legislation and regulation, design and implementation of an ethical code of conduct, profit and growth, the triple bottom line – people, planet and profit.

Learning Outcome 3 Know the social implications of business ethics

- Definition of corporate social responsibility
- Financial ethics (e.g. corruption, bribes and gifts, executive pay, creative accounting)
- Human resources ethics (e.g. discrimination, equality, unemployment, career prospects, job security, job satisfaction)
- Sales and marketing ethics (e.g. fair trade, misleading information, price wars, cartels)
- Production and logistics ethics (e.g. ethical outsourcing, pollution, recycling, use of eco-friendly materials and processes).

Learning Outcome 4 Understand ethical concern facing different communities

- Environmental concerns (e.g. pollution, sustainability, carbon footprint, climate change)
- Production concerns (e.g. GM food, "suicide" seeds, use of hormones in animal products, use of weed killers and pesticides, animal testing)
- Employment concerns (e.g. human rights, erosion of employee rights and pay, unemployment, job insecurity, whistleblowing, child labour, poverty exploitation).
- Marketing concerns (e.g. advertising to children, advertising of medicines)
- Intellectual property concerns (e.g. gene patents, counterfeiting, piracy, peer-to-peer file sharing, newsgroups)
- Pressure groups (e.g. Greenpeace, The Fairtrade Foundation, The Soil Association, Ethical Trading Initiative)
- Government (local, regional, national)
- International organisations (e.g. EU (European Union), UN (United Nations), WTO (World Trade Organisation)).

It is important to maintain focus on the current law and practice in this area. The list given above is neither prescriptive nor exhaustive. Where legislation has been revised learners will consider the most up to date version as that will reflect current industry practice.

DELIVERY GUIDANCE

Learning Outcome 1

Ethical dilemmas are an interesting way of introducing the topic to learners, who may express strong views on the subject of ethics. Learners will discover that their own personal ethics have a relationship to businesses' ethical values. A corporate DVD or a current case study could be used to illustrate the ethical issues that businesses must consider. Many larger companies have adopted a code of conduct or corporate ethics charter, which is usually available on their corporate website. Corporate websites also explain the activities of the business. Learners could research a corporate website and describe the activities of the business and the ethical issues that need to be considered. Learners should consider the aims and objectives of the business in terms of their ethical viewpoint.

This could be followed by a discussion to assess the benefits and difficulties of current business ethics. Benefits could be anything from image and reputation to customer loyalty and new customer acquisition. Difficulties are generally linked to the internal culture of the business; for example, if senior management pays lip service to or totally disregards ethical practice, employees are likely to follow their example. Sometimes, new ethical practice involves a change of culture and procedures, which could be resisted by staff. It is important to use current case study materials to illustrate the points being made.

Learning Outcome 2

This topic explores the meaning of stakeholders of a business and then links this knowledge with the key ethical issues that can arise from the interaction between businesses and stakeholders. Different stakeholders may have different expectations and interests. Their level of influence will vary and the most influential ones are more likely to have their views predominating against other stakeholders' views. Learners should be encouraged to explore and reflect on this, since not all stakeholders will have the same importance to the business. Case studies could be used to introduce key concepts. A business that wants to operate ethically may have to make some changes to their operations and behaviours. At times this can cause a conflict of interest. For example, a change towards the use of more eco-friendly raw materials and processes may affect existing suppliers.

A sample ethical code of conduct could be analysed by the learners. There is information and resources on the website of the Institute of Business Ethics (IBE) UK. Wherever possible contact should be made with local businesses; they could share and discuss their ethical CSR codes of practice.

Learning Outcome 3

This topic is based on the ethical issues faced by different functions within the business. DVDs, documentaries and case studies can help learners to get an understanding of business ethics from the perspective of the business. Ethical codes of conduct could be researched. Many large companies display their ethics charter on their corporate website.

The research could be done through group activities with the aim of presenting the research to the whole group. A plenary could involve all learners and highlight the key issues. Teaching should focus on the different implications for businesses and comment should be made that these may vary according to business size.

Learning Outcome 4

Different organisations / communities have different concerns. It is important for learners to become aware of the ethical issues voiced by different communities and the possible impact on business. Also, learners are encouraged to reflect on how business could address these issues and if there is anything they can do to improve their ethical record.

This topic could be investigated with the use of documentaries like *The Corporation*, videos from the websites of ethical organisations and case studies. Group discussions could help learners to develop their knowledge and begin to argue their opinions. This topic can be quite controversial and not all learners may be of the same opinion. It is important to let learners know that in ethics there are no right or wrong answers and everyone is entitled to their opinion based on their beliefs and values; however there should also be encouragement to challenge own views as this will help learners' evaluative skills. Respect for dissenting opinions must be encouraged.

SUGGESTED ASSESSMENT SCENARIOS AND TASK PLUS GUIDANCE ON ASSESSING THE SUGGESTED TASKS

P1, P2, M1

Scenario: A local business that is planning to implement an ethical code of conduct needs to prepare information materials for its staff.

Task: Learners could prepare information materials for the business explaining the ethical issues they need to consider on a daily basis and the impact of the business' ethics on different stakeholders and the business. For the merit criterion, learners must provide more in-depth analysis of the difficulties or challenges that might be faced when developing policies that attempt to address ethical issues
Assessment method: presentation, report.

P3, P4, M2 and D1

Scenario: A business has asked for a report that investigates the ethical issues and concerns of the communities in which the business operates. For the merit criterion, an analysis must be added of the possible impact of those concerns on the business. For the distinction criterion, recommendations of ways of addressing the concerns should be made, together with a detailed evaluation.

Task: Learners could prepare a report for the business looking into the ethics of different departments within the business and the ethical concerns of the communities. These should be large enough to ensure a range of functions acting within them.

Assessment method: presentation, report.

Guidance on assessing the suggested tasks:

P1

The learner must explain the ethical issues that a business considers on a daily basis. The business could be specified by the tutor or selected by the learners. The organisation should be large enough to ensure that a range of functions exist within it.

P2

Learners need to explain the impact of ethical activities on the business and the stakeholders.

P3

This task requires learners to describe the social implications, that is to say, the issues related to corporate social responsibility for a business. The business could be specified by the tutor or chosen by the learner. In this case, it is

important that the tutor verifies that the chosen business is appropriate to achieve the task. Learners need to describe the ethical issues faced by a variety of different business functions in the selected business. For example, the finance function will avoid creative accounting practices, the HR function will prevent discriminatory practices, etc.

P4

In this task learners must examine the ethical concerns of different communities in relation to how a selected business operates; when doing so they should take into account the different demographic of the community and reflect a variety of viewpoints.

M1

Learners must analyse the difficulties faced by a business in addressing ethical issues. The learner could choose a business or the tutor could specify one. The learner could analyse issues such as: improving environmental conditions, reducing waste, etc. Difficulties could include: affordability of implementation of ethical practices, unwillingness of staff and management to change behaviours, superficial adoption of ethical practices, lack of communication and information about ethical practices across the business functions, etc. Benefits to be considered could be increasing efficiencies through the investment in eco-friendly technologies, improving the image and reputation of the company, attracting new customers.

M2

In this task the learner must analyse how the ethical concerns of communities impact on a business. This task links with P4 and the same business could be used for this analysis. A business may be forced to change its operational practices in view of the different concerns of the communities affected. This could be analysed at national and international level. For example, the use of pesticides is linked to health concerns in the developing world.

D1

Learners must evaluate the ways in which a specific business could address the ethical concerns of different communities. This task links with P4 and M2 and the same business could be used. Learners need to suggest specific and realistic areas for improvement for a business in the way that it addresses the concerns of different communities. Learners should also

justify their suggestions as well as discuss the implications of the proposed areas for improvement.

LINKS to NOS

CfA BAD322 Analyse and report data (Partial)

CfA M&LB8 Ensure compliance with legal, regulatory, ethical and social requirements (Partial)



CONTACT US

Staff at the OCR Customer Contact Centre are available to take your call between 8am and 5.30pm, Monday to Friday.

We're always delighted to answer questions and give advice.

Telephone 02476 851509

Email cambridgetechnicals@ocr.org.uk

www.ocr.org.uk