



ethical business
network

Guide to Ethical Business

in business for a better world

2002

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This Guide has been prepared by the Ethical Business Network - a national network for businesses that are seeking ethical ways of doing profitable business.

Copying of this Guide is encouraged with due acknowledgement to Ethical Business Network.

EBN no longer exists as an organisation but many of our members' businesses continue to be committed to the principles and practices contained in this Guide.

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Introduction

Choosing to be an Ethical Business

This Guide is about changing how we do business.

Ethical businesses are seeking a new path, a way to create enduring and worthwhile products and services, without exploiting our environment, other people or ourselves.

Through our businesses, we can begin to address past damage and undo past injustices.

What is an Ethical Business?

An ethical business seeks to operate in a way that is socially, economically and environmentally responsible. Becoming more ethical means addressing many aspects of how we currently do business. It means asking questions and looking for new answers. This Guide offers you that challenge.

If you could create a new future - where business and environment and justice were harmonious - what would it look like? Looking back at the present day from that future, what changes could we be making now to create the future we want?

Starting today

Every day in every business, there are many opportunities to make changes for the better. Often we are too caught up in the daily grind to take time to stop and think about ethical business practice. This Guide suggests simple actions you could take.

This Guide is not a manifesto or a set of commandments. Nor is it an exhaustive list of ethical actions. It is a guide, a starting point and a framework for action.

By demonstrating what is possible, we will encourage other businesses to follow our example. In this way you can make a difference that counts for your business and for the world.

Helping your business

This Guide has been designed to help your business. It includes:

- ▶ **The Charter** - a statement of commitment. The Charter's five principles link traditional ethical concerns of equity and fairness with today's focus on the environment.
- ▶ **Turning commitment into action** - how to take the first step towards ethical business practice plus ideas you could act on now.
- ▶ **Resources** - a list of contacts and interesting references.

Making a commitment to ethical business practices could start with a business owner, employees, customers, shareholders or even the wider community.

Ethical Business Network

This Guide was produced by the Ethical Business Network, a national network of small businesses seeking ethical ways of doing profitable business. Although EBN no longer exists as an organisation, many businesses and other organisations continue to promote the importance of ethics and business.

The Charter

We publicly affirm our belief that businesses are responsible for how they do business. We believe that businesses can create enduring and worthwhile products and services without exploiting the environment, other people or ourselves.

We believe that each business has many stakeholders - owners and shareholders; employees; customers and clients; colleagues in other businesses; suppliers; the community; and the environment. We acknowledge these interests.

We are committed to achieving ethical business practices. We support and will act on the following principles in our businesses:

- ▶ **Equity & justice** - We will act fairly, seeking to redress inequities and discrimination.
- ▶ **Respect** - We will treat other people and the environment with respect.
- ▶ **Sustaining the environment** - We will act with care towards the environment, protecting the biosphere and using its resources sustainably.
- ▶ **Creating & sharing sustainable prosperity** - We will seek to create and share prosperity in a way that helps sustain our business, the community and the environment.
- ▶ **Responsibility** - We will take responsibility for our actions and for any harm or good we cause. We will account for our actions, evaluating our progress in implementing these principles.

Turning commitment into action

Planning

Where to start?

Achieving ethical business practices can't happen overnight. In most businesses it will involve a lot of thinking and discussion, followed by both short and long term actions.

Making a start - even a small one - is important. This section includes a variety of ideas. The actions that suit one business may not be relevant in another. It depends on the business, its impacts and the stage it is at.

Who can take action?

Start with the smallest step that will make a difference. Anyone involved in a business can initiate this step - a customer can ask a question, or offer some helpful ideas. So can an employee, a supplier, a shareholder. Some actions will need the commitment and cooperation of everyone in a workplace, and some may require specific approvals from the business owner, shareholders and employees.

Stages in each business

If you are just starting out, your decisions will influence the whole shape of the business for some years to come. So each decision is very important. Key issues in this phase include: location and the infrastructure you install.

When your business is up and running, your focus is likely to be on inputs and outputs. Some decisions - such as your business location - will have been made and may be hard to change in the short-term. Now, regular decisions about the types and sources of your supplies and the ways you are operating are paramount.

And when your business is changing and being reshaped, new opportunities will emerge. At each stage, you can influence how your business responds.

Analysing the impacts of your business

No matter what stage your business is at, the first step is to think about the impacts that result from your business - both positive and negative.

Use the Charter as a starting point to think about the impacts of your business. You might want to get together with others in the same type of business to build up a better picture. Go through each principle of the Charter, analyse your business and make a list of impacts in order of importance. The aim is to put your energies into the things that matter most.

When you understand the big picture, choose a couple of areas to look at in more detail.

Plan the changes you intend to make carefully. Involve others - staff, shareholders, suppliers and even your customers - in thinking about these changes. Discuss why these changes are needed, how they will happen and who is responsible.

Be strategic about your plans for change. Starting with an easy winner is always a good idea. Change is hard for everyone because it disrupts our routines. So choose an easy, visible and rewarding change. Hopefully, it will be the sort of change that will enable everyone to be involved. Use each 'win' to build up your commitment and energies for the next action.

Write down the actions being taken. Use the list as a reminder to everyone and to promote your new commitments to your customers.

Incorporate these actions in your business operating procedures - your business plan - your staff manual - your signs around the workplace - what ever you use!

Reporting on your successes

You'll need to monitor how your actions are going, and change or modify your plan along the way so that you can keep improving. Don't make the monitoring too onerous, and do make the results visible. For example, if your aim is to reduce paper use, you might monitor paper purchases monthly, using a wall chart to compare last year with this year.

You might want to include your achievements in your annual report. Having a reporting deadline is essential.

And don't forget to tell your customers about it. They might be able to help! And once they know you are keen to improve your business, they'll be more willing to offer good ideas too.

Feedback

Finally, share your successful strategies and actions with other businesses through your own networks and through Ethical Business Network.

We would like to know how you implement the Charter. Future editions will include examples of good practice. Please complete the feedback page at the end of the Charter and return to Ethical Business Network.

Ideas for action

▶ Equity and justice ◀

We will act fairly, seeking to redress inequities and discrimination.

Businesses can address equity and justice through employment practices, customer relations, purchasing and investment policies, and affirmative action. For example:

- ▶ Remunerate those involved in your business fairly, taking account of their legal entitlements, and rewarding them for their efforts.
- ▶ Make sure the work environment is safe, and that it continues to meet or exceed current standards. Help others learn and use safe work practices.

- Assist those who are disadvantaged. For example, in the job market, help the long-term unemployed to find a job with you or with another business.
- Delegate authority to increase employees' decision-making powers.
- Support career, personal development and financial planning for your staff and families.
- Purchase goods only from suppliers that do not engage in exploitative personnel or environmental practices.
- Write an equity and justice statement into your business plan.
- Invest in ethical investments. Become aware of your investment options, and encourage others to do the same.

▸ Respect ◀

We will treat other people and the environment with respect.

Respecting people and the environment means treating them with care and deference, refraining from actions that will injure or degrade. It is a principle that underlies all others.

Ethical businesses can build the idea of respect for others and the environment into all aspects of their business. Some important areas would include: business structure, organisational culture, values and ethics, interpersonal relationships. For example:

- Get everyone involved in determining workplace goals.
- Develop leadership styles that encourage employees' development in knowledge, skills and responsibility.
- Communicate honestly and openly, and encourage others to do the same. Disclose important and relevant information, therefore giving informed choice.
- Have on open display, a summary of your business values and ethics.
- Accept individuality and avoid the demand for conformity in areas where it is not important to the business. Respect people's personal space and privacy.
- Be open to other people's initiatives and ideas; openly acknowledge their contributions. Encourage the pursuit of excellence rather than perfection. Create new ways of doing things from mistakes.

▸ Sustaining the environment ◀

We will act with care towards the environment, protecting the biosphere and using its resources sustainably.

Sustaining the environment means organising ways of working and trading that minimise and help restore past environmental damage.

This includes minimising the use of non renewable energy and resources.

Businesses can address how they sustain the environment by considering: location and transport usage; equipment; plant and technologies; inputs - materials, energy, operating processes; products and by-products. For example:

- ▶ Locate your business near your major service providers to minimise transport costs. Offer incentives to encourage employees to car pool or use public transport.
- ▶ Design or redesign your operations to minimise waste and maximise reuse and recycling. This could apply to any of the resources you use: water, paper, energy etc.
- ▶ Help create markets for recycled materials by buying products with a high recycled content. Lobby your suppliers to offer better alternatives.
- ▶ Conserve energy. Check energy ratings before buying new equipment. Turn off lights and equipment when not in use.
- ▶ Ensure that your products are designed for long life and for easy disassembly for future recycling.
- ▶ Minimise packaging.
- ▶ Ensure that your investments are not contributing to environmentally damaging projects.

▶ Creating & sharing sustainable prosperity ◀

We will seek to create and share prosperity in a way that helps sustain our business, the community and the environment.

To prosper is to succeed and thrive - sustainable prosperity is created through non-exploitative business practices.

Prosperous businesses can create many sorts of 'wealth' from their activities that can be used to sustain the business, the wider community within which it operates and the environment.

Businesses can create and share many different types of 'wealth', including: skills and knowledge, products and services, funds for investment, jobs - in your own and other businesses, and goodwill. For example:

- ▶ Make your business skills available to help other organisations.
- ▶ Donate products, services or facilities to community organisations in need.
- ▶ Provide information and contacts to encourage ethical businesses and networks where appropriate.
- ▶ Pay your bills and invoices on time: good business practices help other businesses survive and thrive.
- ▶ Meet your community obligations, pay appropriate taxation.

- ▶ Offer traineeships or other job development opportunities. Provide work experience for students.
- ▶ Create an extra job or jobs.
- ▶ Donate a percentage of your annual profit to sponsor a particular community program or charity.
- ▶ Start a profit-sharing scheme with your employees.
- ▶ Create new training and personal development opportunities for all staff and owners alike.

▶ Responsibility ◀

We will take responsibility for our actions and for any harm or good we cause. We will account for our actions, evaluating our progress in implementing these principles.

Responsibility is about being accountable for your actions. This requires an understanding of the consequences of your business actions - in your industry, your community, and the local and global environment.

Public disclosure is a way of demonstrating your commitment to accountability.

Your business can embrace this principle by addressing: business practices; performance standards; advertising and consumer information; and financial and annual reporting. For example:

- ▶ Incorporate social and environmental principles into your business goals and actively promote them. Display a statement of your commitment to inform your customers and suppliers.
- ▶ Be aware of the impacts of your business and take action to reduce negative impacts on the community and the environment.
- ▶ Pursue excellence: set your standards at the highest practical level, not at the minimum set by the law or industry practice.
- ▶ Ensure everyone working in your business can provide appropriate and accurate product and service information.
- ▶ Be clear and unambiguous in your advertising.
- ▶ Regularly assess that your products and services are properly labelled, honestly promoted and contain all relevant consumer information.
- ▶ When promoting a product, be upfront about its limitations and invite customers to suggest improvements.
- ▶ If problems occur, be prompt in informing customers, recalling products, and making good any harm caused.

Resources

Books & Guides

Beyond leadership, by R. Bennis, J. Parikh, & R. Lessem (Basil Blackwell, USA, 1994).

Business ethics in Australia: A practical guide, by R.D. Francis, The Law Book Company, Kew, 1994.

Environmental strategy for sustainable development, by R. Welford, (Routledge, London, 1995).

In pursuit of principle and profit: business success through social responsibility, by Alan Reder (G. P. Putnam's Sons, New York, 1994 ISBN 0-87477-7812-X)

Personal action guide for the earth, Commission for the Future, 1989.

Principles for global corporate responsibility: Bench marks for measuring business performance. The 'Round One' text launched by 19/9/1995 for review by ECCR (Ecumenical Committee for Corporate Responsibility, ICCR (the Interfaith Centre of Corporate Responsibility) and Taskforce on Churches and Corporate Responsibility, 1995.

Steering business towards sustainability, edited by Fritjof Capra & Gunter Pauli (United Nations University Press, 1995 ISBN 92-808-0909-1).

The ecology of commerce: How business can save the planet, by Paul Hawken (Weidenfeld and Nicholson, London, 1993 ISBN 0-297-81462-1)

The moral manager, by Clarence C. Walton (Harper Business-Harper & Row, New York, 1988 ISBN 0-88730-447-8).

The Republic of Tea: Letters to a young zentrepreneur, by Mel Ziegler, Bill Rosenzweig and Patricia Zeigler (Currency Doubleday, New York, 1992, ISBN 0-385-42056-0)

Working greener: sustainable work strategies for organisations, industry & business, Kathleen Ralston (Green Press, 1990, ISBN 0-949646-67-9)

Contacts

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Ten ideas for my business

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