Abstract

The purpose of business in society is to facilitate the long term viability of a democratically governed society grounded in justice, equality, and trust supported by a sustainability economic system. Generally, business undertakes to satisfy this obligation by providing goods and services as well as employment opportunities. To this end, organizational management is granted the right to use society’s economic assets and in return accepts the responsibility to act in the public interest. Acting in the public interest is considered from a perspective of business and society’s general rights and responsibilities as delineated by an ethic of accountability. An ethic of accountability provides a context for moving the sustainability project forward by affording a basis for engaged, enlightened, and legitimate dialogue and debate concerning the rights and responsibilities of society, organizational management, and other business professionals. The associated decision context provides the basis for designing and implementing information systems needed for holding organizational management and society accountable.
Framing Sustainability within an Ethic of Accountability

Introduction

I propose an ethic of accountability as a context for expanding and moving the sustainability project forward. The overall objective is to encourage inclusive, enlightened, and ongoing dialogue concerning what constitutes organizational management and the related business professions’ rights and responsibilities associated with acting in the public interest. Within a social organization, rights and responsibilities specify the relationships among members and groups and the relationships between members, groups, and organizations. Rights represent one’s privileges whereas responsibilities entail one’s obligations accruing from the associated privileges. Accountability is central to legitimacy and justice of any system of rights and responsibilities. Accountability is the duty to give an account for one’s actions and the resulting outcomes.

Following the introduction, the second section discusses what acting in the public interest means from a perspective of general rights and responsibilities as delineated in an ethic of accountability. The third section considers the rights and responsibilities of business professionals and business academics. Section four discusses examples of sustainability issues confronted by organizational management and the decision requirements that provide the basis for designing and implementing the requisite information systems for holding organizational management and society accountable. The essay concludes with few brief closing remarks.
AN ETHIC OF ACCOUNTABILITY

The responsibility to act in the public interest provides the legitimating criteria for exclusive rights and jurisdictions awarded to a profession by society (Kultgen, 1988). An ethic of accountability is the linchpin in any viable systems of rights and responsibilities. Presuming organizational managers and the related business professions can be classified as professional, within the context of this definition, acting in the public interest is the primary characteristic whereby they should be evaluated. Thus, the morality of actions must thereby be contemplated and legitimized. To facilitate guiding the business organizations in meeting its public interest responsibilities represents business professionals’ core responsibility.

The next question is what constitutes acting in the public interest within western market capitalism. As for any other institution within society, business organizations should act so as to facilitate the long term viability of a democratically governed society grounded in justice, equality, and trust and supported by sustainable natural, social, and economic systems. Society presumes that organizational management represents the group best able to effectively and efficiently employ its economic assets (natural, human, financial, and technical) in order to provide goods and services for the members of the society, and as such, grants them the right to use these assets. With society’s right to assign the use of its economic assets, it accepts the responsibility to provide the requisite context and infrastructure wherein economic activity can be carried out. This includes providing security, a fair and impartial judicial system, an educated and healthy workforce, and adequate transportation systems.

1 These ideas have evolved from Yuthas and Dillard (1999), Dillard and Yuthas (2001), Dillard (2007, 2008) and Niebuhr (1963).
2 See Donaldson, 2000 for supporting arguments.
3 For example, the Code of Professional Conduct of the American Institute of Certified Public Accountants (AICPA, 2002) explicitly states that an accountant’s responsibility is to act in the public interest.
In return, management accepts a fiduciary responsibility for society’s economic assets. Following from this fiduciary responsibility, organizational management accepts an obligation for providing an account of, and to be held accountable for, its actions. Organizational management is responsible for providing the relevant, timely, and accurate information necessary for rendering its actions transparent and understandable.

Having granted the right to use its assets, society accepts its responsibility for holding organizational management accountable for its actions. This responsibility includes specifying the outcomes and performance criteria by which organizational management will be evaluated as well as the requisite information for rendering the corporate actions transparent and understandable. Care must be taken so that the evaluation criteria reflect the norms and values of the society, not those of special interests or those in power. These reciprocal and mutually reinforcing set of rights and responsibilities are termed an *ethic of accountability* and are summarized in Table 1.

(*****Enter Table 1 here*****)

Responsible actions recognize one’s place as a member of an ongoing community. Following from earlier work (Niebuhr, 1963; Dillard and Yuthas, 2001), acting responsibly requires that the decision to act recognizes and incorporates four primary components:

- recognition of community,
- a historical appreciation of the effects of past actions,
- a reasoned anticipation of contemplated action, and
- accountability.

To be responsible within the context of an ethic of accountability, an organization must recognize its situated and interrelated status as a responsible member of an ongoing community.
A historical appreciation of past actions and their consequences requires that associated physical and temporal interrelatedness of actions be appreciated. A reasoned anticipation of contemplated action requires consideration of the act and its propriety in light of realistic projections with respect to the anticipated implications for the community. Accountability refers to operationalizing an ethic of accountability.

An ethic of accountability requires an ongoing dialogue among all relevant parties. These processes do not seek “the good” in a utilitarian sense or “the right” in a deontological sense, though both are consistent with the ideal. The good and the right are delineated as part of the process of determining the appropriate action within the context of the ongoing community. Appropriate action as well as holding, and being held, accountable requires open and trustworthy communication between the actor, the subject of the action as well as the other community members.

Stipulating what constitutes legitimate communal dialogue whereby the rights and responsibilities of all community members are recognized requires a preliminary condition in implementing an ethic of accountability. Trustworthiness grows out of the ongoing relationships, which are central to establishing a sense of loyalty and responsibility. If communal discourse is controlled by powerful, self-interested members who exploit the social and physical resources to achieve self-serving objectives, an ethic of accountability becomes impossible, and its pretense becomes a means for manipulation and exploitation with any possibility of community and social sustainability destroyed.

Legitimate communication (communicative action) provides the basis for responsible action. Following Habermas’ (1984, 92-104) ideal speech situation, communication is legitimate if it satisfies the follow three validity claims
1. **Propositional validity** – (physical world) concerns the correspondence between the claim and the external or objective evidence. This relates to the extent a claim is true and requires the speaker to provide the grounds upon which the claim is being made.

2. **Normative validity** – (social world) concerns the correspondence between the claim and the degree to which the claim is consistent with the prevailing social norms. The speaker is required to provide justification.

3. **Subjective authenticity** – (personal world) concerns the correspondence between perceived and actual intent of the speaker. This relates to the extent a claim is genuine, as opposed to strategic/manipulative and requires that the speaker prove her or his trustworthiness.

An ethic of accountability can be achieved only to the extent to which these claims can be attained.

While somewhat idealistic and difficult to attain, these ideal speech conditions represent criteria for initiating and sustaining meaningful and ongoing conversation among community members. An inability to satisfy these validity claims calls into question the veracity of the communal discourse; thus, imposing limiting conditions on the operationalization of an ethic of accountability. Alternatively, these criteria provide guidelines for facilitating open discussion and community dialogue. For example, emerging issues arise from, and relate to, unique contextual circumstances. The means for selecting and prioritizing interests and outcomes follows from legitimate communal dialogue and alternatives chosen based on the strength of the better argument.⁴

Seriously implementing an ethic of accountability results in an expanded alternative set, an inclusive framework for setting priorities, a collectively derived and widely understood evaluation criteria set, and the availability of relevant, timely, and accurate information. The process does not prescribe a set of generally applicable rules but emphasizes the importance of

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⁴ As Broadbent (1998) points out, the specification of the better argument is not a static state but will be continually renegotiated throughout the life of the community.
context and accountability, nor does it necessarily presume market self-regulation or government regulation and oversight. An intermediary such as a nongovernment organization (NGO) or a not-for-profit organization might fulfill such a role. Alternatively, it might be presumed that if left to its own devices the market will naturally develop mechanisms within the private sector to accomplish the necessary monitoring.

The appropriate course of action for an organization is to be politically determined with respect to the means most like to facilitate the long term viability of a democratically governed society. The choice would be made on the strength of the better argument. Whichever alternative is implemented, society must ensure that the appropriate framework exists to support the specification and maintenance of an ethic of accountability. For example, if the market solution is deemed the appropriate one to pursue, society, the state or otherwise, must maintain the necessary institutional infrastructure such as the means for writing and enforcing contracts, a compatible systems of property rights, and the efficient and effective functioning of autonomous market mechanisms.

Current crises in the United States illustrate the failures of all parties. For example, the current financial crisis appears to be precipitated fundamentally by the license granted by the neoclassical economic theory of market capitalism. Organizational management failed to exercise their fiduciary responsibility over society’s economic assets and did not provide relevant, timely, and accurate information rendering their actions transparent and understandable. Likewise, the professional and regulatory institutions such as the Federal Reserve, Securities and Exchange Commission, rating agencies, and public accountants failed to adequately specify the performance criteria and to demand the information necessary to evaluate them. The members
of society failed to demand accountability on the part of organizational management, regulators, and their political leaders.

The BP oil spill in the Gulf of Mexico represents another failure of the ethic of accountability and an example of the difficulty of balancing market demands with social and environmental needs is. Again, market demands seem to dictate expedient and risky actions on the part of organizational management whereas those entrusted with safeguarding the public interest, through monitoring adequate safety procedures or environmental risks, did not fulfill their responsibilities.

Off shore oil exploration is a transparent example of how the current socio-economic and political system works. Off shore oil reserves are deemed the property of the society (state). The federal government, in assigning or auctioning exploration rights, grants exclusive access by transferring the public economic asset via property rights to a private entity for, what some would argue inadequate, consideration. Thus, society’s economic assets are transferred from the public to the private domain. At this point, society has implicitly stated that it believes the process affords the best available means for providing goods and services to the citizens of the society and ultimately facilitating the long term viability of a democratically governed society. Alternatively, the lifeworld and administrative systems of the society have been colonized by the money and power of the multinational energy companies to the point where there is little recognition of the systemic distortions. Hopefully, the associated investigations will shed light on these issues.

The Business Profession’s Rights and Responsibilities

To reiterate, business professionals, including organizational management, are central in maintaining the long-term viability of a democratically governed society grounded in justice,
equality, and trust and supported by a sustainable economic system. As with members of
society, business professionals have a general obligation to act in the public interest, and
therefore, they have specific public interest obligations with regards to society’s economic
resources. The business professions engage in, facilitate, and monitor organizations as they carry
out this fiduciary responsibility.

For example, the public accounting profession has been granted monopoly privileges.
Society has granted them the right to engage in the practice of accounting in order to attest to the
integrity and accountability of corporate financial and administrative systems and those who
design, implement, and utilize them. To adequately fulfill this charge, the accounting profession
must maintain high standards of integrity, responsibility, and accountability. Within the context
of an ethic of accountability, the accounting profession has been granted the right to attest to the
veracity of organizational management’s claims with respect to their fiduciary responsibilities to
society. As a result, the profession agrees to be held accountable for their actions. Society
grants the right to act in its stead and accepts the responsibility for holding the accounting
profession and its professionals responsible for their actions, which include not only specifying,
evaluating, and enforcing appropriate evaluation criteria but also providing the requisite
infrastructure (e.g., regulatory structures).

In light of the dramatic and continuing failures in living up to their responsibilities as
responsible stewards of its economic assets, society is seriously questioning organizational
management’s and the business professions’ ability to safeguard the public interest. In the
United States, the Sarbanes-Oxley Act, the Federal Sentencing Guidelines, Public Companies
Accounting Oversight Board, NYSE Corporate Governance Rules, and the follow-on legislation
and regulations begin to codify society’s expectations but cannot serve as a substitute for
professional commitment to uphold the responsibilities for acting in the public interest. For example, external auditors, have a clear responsibility to the public and their audit clients for providing relevant, reliable, and transparent information to external and internal stakeholders.

The responsibilities of professionals employed in capacities other than public accounting are less clearly delineated. However, they also have responsibilities to facilitate an ethic of accountability, especially as a member of the organizational management team. For example, information systems (IS) professionals develop, implement and use management information systems that render the organizational activities understandable; providing the information that can be used both strategically and operationally by the organization in carrying out its objective of providing goods and services for the citizens of society; and providing the means by which society can evaluate whether organizational management is fulfilling its fiduciary responsibilities. IS professionals gather information used by creditors, owners, sponsors, contributors, employees, unions, managers, politicians, regulators, and society, and each has a right to expect objective, independent, honest output.

As collectors and conveyors of organizational information, accountants and other IS professionals have a unique opportunity and responsibility to identify and communicate activities and behaviors that jeopardize or enhance the organization’s ability to carry out its responsibilities. Unless the information systems incorporate both natural and social systems, management cannot adequately incorporate the risks, opportunities, and responsibilities faced by individuals, organizations, and society. For example, internal auditors and managerial accountants are directly involved with recognizing and addressing organizational risks resulting from the activities of the organization. The controllership function ensures that the corporation does not violate its shared rights and responsibilities. Processes must be designed in conjunction
with the rights and responsibilities arising from an ethic of accountability ensuring the integrity and transparency of the financial and administrative systems and those who design, implement, and utilize them. If the systems do not meet these requirements, serious questions should arise within society regarding the foundational purpose of the systems and those who design, implement, and use them.

**Academic Professionals**

Members of the academy have a responsibility to act as conscience, critic, and counselor of society. They carry out these responsibilities through scholarly investigation, educational innovation, and community interaction. A primary means of influence is scholarly research. Members of the academy must be involved in the scholarly investigation of business, the business professions and professionals, and management systems within their economic, political, social, ecological, and organizational context. Efforts in the area of education and educational innovation should constructively addressing critical issues facing business and business professionals as they strive to exercise their societal rights and fulfill their responsibilities. The development of multinational corporations, their relationship to the public, and their role in society associated with in the context of an accountability ethic should be an integral part of business education at all levels. Community interaction should focus on familiarizing members of society with the rights and responsibilities associated with an ethic of accountability. The objective is to engage the “community,” as a facilitator and participant in an ongoing conversation regarding public interest responsibilities of all constituencies with the purpose being to articulate roles consistent with the core values of society. As a result, opportunities for environmentally and socially responsible, and responsive, action may be formulated and put into practice. Community involvement includes enabling open and
enlightened dialogue among the members of the relevant ongoing community. Relevant groups include students, faculty, the business professions, organizational management, the public sector and civil society.

In both its role as a member of the business professions, in that they share expert knowledge, and as a member of the academy, the academic business community has a responsibility to facilitate, and engage in, an ongoing dialogue and debate among stakeholders regarding businesses’ public interest responsibilities. Further, the business community, members of the academy, and representatives of the community have a responsibility to engage in and sustain this conversation. Failure to do so on the part of any of the participants would constitute a violation of the ethic of accountability. In the next section, I consider some of the sustainability issues that might be included in these conversations.

**EXAMPLES OF SUSTAINABILITY ISSUES**

In order for society to fulfill its obligations under an ethic of accountability, organizational management must provide relevant, timely, and understandable information reflecting its activities, ideally information specified and called for by those whom the organization is to be held accountable. In addition to the traditional economic activity, information related to activities in both the environmental and social arenas is necessary to give an adequate account. The Global Reporting Initiative’s (GRI) Guidelines (2006) illustrates relevant environmental, social, and economic sustainability performance indicators that might be considered as society and business develop appropriate evaluation criteria. While the GRI guidelines address the three major performance indicator groups, the performance indicators associated with the social dimensions are considered, because they currently are the least developed representing the greatest measurement challenges. Social sustainability refers to both
the processes that create, and the contexts (institutions) that facilitate social health and wellbeing both now and in the future. Both environmental and economic sustainability are presumed to also be required to attain social sustainability (Dillard, et al, 2009).

Key social performance indicators included in the GRI are labor practices, human rights, community, and product responsibility. The associated areas identified are summarized in Table 2. These follow from internationally recognized standards including the United Nations Universal Declaration of Human Rights and its Protocols; United Nations Convention: International Covenant on Economic, Social, and Cultural Rights; International Labor Organization’s Declaration on Fundamental Principles and Rights at Work of 1988; and the Vienna Declaration and Programme of Action.

The remainder of this section considers each of the social performance indicator groups. Again, following from a communicative action framework, each issue must be debated, refined, and changed as expanded information and requirements are considered with respect to how best to design and implement information systems that can provide the necessary decision inputs to both organizational management and society. Each section is headed by a historical exemplar.

****** Enter Table 2 here*****

**Labor Practices**

In 1991, Indonesia was a primary location for producing garments and sports shoes for major Western brands such as Nike, Calvin Klein, and Puma. However, the largely female workforce was poorly paid, with over 72 percent receiving less than the already paltry legal minimum wage. Nike revealed that the basic wage for an experienced employee was less than half the Indonesian government’s estimate of what it cost to meet a person’s basic physical needs. Compulsory overtime leading to fourteen hour shifts was a regular feature of workers’ work lives, yet some women were happy for the extra hours in order to survive. Although it was bribes to local officials as high as 30 percent of production costs rather than wages (calculated at as little as 2 percent of production costs) that ate into corporate profits, local managers said they were powerless to treat workers better. (Redacted from Blowfield and Murray, 2008, case 1.5: )

A minimum accepted level of commitment to fair labor practices includes attention to: employment; labor/management relationships; occupational health and safety; training and
education; and diversity and equal opportunity. Following the GRI guidelines, relevant information includes: total workforce by employment type, employment contract, and region; total number and rate of employee turnover by age group, gender, and region; and benefits provided to full time employees that are not provided to temporary/part time employees by major operation. A commitment to labor/management relations might be reflected in the percentage of employees covered by collective bargaining agreements as well as the minimum notice periods regarding operational changes. Relevant occupational health and safety measures include: percentage of total workforce represented in formal joint management-worker health and safety committees that advise related programs; rates of injury, occupational diseases, lost days, absenteeism, and work related fatalities by region; education, training, counseling, prevention, and risk control programs in place to assist workforce members, their families, or community members regarding serious diseases; and health and safety topics covered in formal agreements with trade unions. Training and education represent important indicators of responsible development of society’s human resources and the extent of this commitment would be indicated by: average hours of training per year per employee by employee category; programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings; and percentage of employees receiving regular performance and career development reviews. Diversity measures include salary distributions, position distributions, and the composition of governance bodies with respect to gender, age, group, and minority group membership.

As the public came to realize that the conditions in the Indonesian factories of Nike, Calvin Klein, Puma, and others represented the norm, the companies were increasingly challenged to justify their actions. As public and customer protests over these labor conditions increased, the companies have been compelled to take action. Trade organizations have developed industry codes of conduct and encouraged companies to comply. NGOs and trade unions joined forces to facilitate collaborative initiatives encouraging higher standards and improved factory monitoring. While there is a heightened awareness of labor rights issues, much is still to be done especially with respect to freedom of association and working conditions. (Blowfield and Murray, 2008)
Human Rights

Although Royal Dutch Shell had been extracting oil in the Niger River Delta since 1956, in the 1990s, local populations became increasingly agitated by what they saw as the high social and environmental costs, and slender local rewards from oil production. The Ogoni People in particular, under the leadership of Ken Sara-Wiwa, staged public protests that were met with extreme force by the Nigerian government forces, leading to the deaths of demonstrators and accusations that Shell was complicit in the killings. Sara-Wiwa was eventually arrested and executed for allegedly killing pro-government tribal leaders. His death provoked an international outcry. (Redacted from Blowfield and Murray, 2008, case 2.4: )

Honoring and advancing human rights both within the organization and through out the supply chain represents another critical indicator of an organization’s commitment to sustainability. For example, do significant investment agreements that include human rights clauses and have they undergone human rights screening? Another indication of organizational management’s commitment to honoring and advocating human rights is the extent to which of significant suppliers and contractors have undergone screening of human rights and actions taken and amount of employee training on policies and procedures concerning aspects of human rights that are relevant to operations that has been carried out. Discriminatory practices are reflected in the number discrimination incidents and the corrective actions taken. The information system should report explicitly on operations where the right to exercise freedom of association and collective bargaining may be at risk as well as indicate what actions have been taken to support these rights. Operations having risks of significant child labor or compulsory labor violations must be identified and the actions taken to eliminate them reported. Security personnel should be trained to understand and properly implement organizational policies and the extent of this training reported. As an indication of the organization’s commitment to protecting indigenous rights, the total number of violations involving indigenous rights and the remedial actions must be provided.

In recent years, business organizations are increasing held responsible for human rights violations. For example, in addition to the failure of Royal Dutch Shell to speak out in regard to the deaths in
Nigeria, when workers at factories in Vietnam suffer beatings and sexual harassment, or children in India are enslaved by debt bondage, or forced labor is used for the benefit of multinational firms in China and Burma, these incidents are increasingly portrayed as corporate human rights failures. Corporations are again responding through voluntary codes, through trade associations, and the publication of corporate responsibility reports. As a result of media attention and pressure from its stakeholders, including shareholders, Royal Dutch Shell by employing the consultancy company, SustainAbility, to review its policies on reporting, and as a result it rebranded itself with the slogan ‘People, Planet, Profits.’ (Blowfield and Murray, 2008).

Community

In 1998, a consortium of drug companies filed suit against the South African government, naming Nelson Mandela as a defendant. The case revolved around the companies’ attempt to block the distribution of generic drugs used in treating HIV/AIDS; drugs which thirty nine major companies had patented, but which were 98 percent cheaper in their generic form. The industry said it was simply protecting its intellectual property rights, but it came under repeated assault for price fixing, and denying the poor access to medicine. (Redacted from Blowfield and Murray, 2008, case 2.5: )

Community, or society in GRI guidelines, refers to the effect of an organization’s actions have on the communities within which they operate. The organization should specifically be held accountable for the nature, scope, and effectiveness of any programs and practices that have strategic and operational impacts on that community. Corruption risk analysis should include an assessment of the related risks associated with its business units and the ability of the information system’s ability to detect possible corruption, discern the extent of the malfeasance, actual incidents verified, and the actions taken. The information system should make transparent any activities in which the organization participates for the purpose of influencing policy development such as lobbying and contributions. The total value of contributions, be they financial or in-kind, to political parties, politicians, and related institutions should be publically distributed. Along another dimension, the extent to which management has engaged in anti-competitive behavior as reflected by the number of legal actions for anti-compliance behavior, anti-trust, and monopoly practices that have been filed and their subsequent resolution should be reported. Finally, the total value, monetary or otherwise, of significant fines and sanctions for noncompliance with laws and regulations should be provided.
The drug industry dropped the case in South Africa in 2001, and Glaxo-Smith-Kline was amongst the companies that proceeded to sell HIV/AIDS treatments at heavily discounted prices in developing countries. Its CEO stated that he did not want to head a company that catered only to the rich, and said that the company’s primary objective must always be public health. However, in a similar suit concerning an antidepressant in North America, the company filed a patient infringement suit that effectively blocked the production of a generic substitute in North America. The company ultimately agreed to pay a multimillion dollar settlement, while admitting no wrongdoing, claiming to be protecting its intellectual property rights. (Blowfield and Murray, 2008).

Product Responsibility

In 1968, the following cost benefit analysis was circulated to top management at Ford concerning the retrofitting of the Ford Pinto before it was marketed and sold.

*Fatalities Associated with Crash-Induced Fuel Leakage and Fires*

**Expected Costs of producing the Pinto with fuel tank modifications:**
- Expected unit sales: 11 million vehicles (includes utility vehicles built on same chassis)
- Modification costs per unit: $11.00
- **Total Cost:** $121 million
  \[= 11,000,000 \text{ vehicles} \times 11.00 \text{ per unit}\]

**Expected Costs of producing the Pinto without fuel tank modifications:**
- Expected accident results (assuming 2100 accidents):
  - 180 burn deaths
  - 180 serious burn injuries
  - 2100 burned out vehicles
- Unit costs of accident results (assuming out of court settlements):
  - $200,000 per burn death
  - $67,000 per serious injury
  - $700 per burned out vehicle
- **Total Costs:** $49.53 million
  \[= (180 \text{ deaths} \times 200k) + (180 \text{ injuries} \times 67k) + (2100 \text{ vehicles} \times 700 \text{ per vehicle})\]

With such a difference in costs, Ford decided to manufacture and market the Pinto without fuel tank modifications. (source: [http://www.calbaptist.edu/dskubik/pinto.htm](http://www.calbaptist.edu/dskubik/pinto.htm))

Concern with the health and safety impacts of products and services throughout their life cycle represents a key dimension of social sustainability. The information system should address the extent to which life cycle assessments are undertaken and report products and services that are subjected to the assessment as well as the total number of health and safety regulatory and voluntary code of non-compliance incidents. In addition, associated practices designed to elicit life cycle related customer satisfaction, and their effectiveness, should be considered. With respect to product labeling, the organization should report the type of labeling information required and the products and services subject to these requirements as well as the total number of related non-compliance incidences. Marketing communications such as advertising,
promotion, and sponsorship should be evaluated with regards to their adherence to laws, standards, and voluntary codes and report the total number of violations of these requirements. The total number substantiated complaints concerning breaches of customer privacy and loss of data should be collected and reported as well as the monetary value of significant fines for noncompliance with laws and regulations concerning the provisions and use of products and services.

The failure to redesign or recall the Pinto cost Ford an estimated $15 million. The National Highway Safety and Traffic Administration forced a recall of 2 million vehicles between 1971-1976. The market share dropped by 60 percent. (Weinburger and Romeo, 1989)

**SUMMARY**

In light of an ethic of accountability, the sustainability dimensions discussed in the previous section illustrate the rights and responsibilities associated with organizational management’s social obligations, although society has not as yet given them official legitimacy as it has financial accounting reporting requirements. As the organization accepts the right to employ society’s human assets, it accepts the responsibility for treating labor honestly and fairly, with dignity and respect, consciously recognizing these societal assets as more than a mere means to corporate economic ends. The organization claims the right to utilize human capital, accepting the responsibility to respect and advance human rights generally and specifically to protect the rights of their stakeholders. As a member of an ongoing community, organizational management accepts the right to operate as a respected member of the community. In doing so, it accepts the responsibility of citizenship, respecting and abiding by the laws of that community and not imposing its will on the community or its members. Organizational management claims the right to produce and sell its products and services to members of the community and therefore, accepts the responsibility to provide a safe, reliable, and useful products and services as well as to safe guard customer privacy.
Deontologically, for an act to be moral, it must be preceded by a serious and conscious consideration of the physical and historical context of the action. An agent, acting as a responsible member of an ongoing community, accepts the community’s right to require an account of both process and outcome. In turn, the community accepts the responsibility for holding the actor accountable. Responsible accountability requires the effective monitoring using accurate and timely information and relevant evaluation criteria established and carried out through enlightened, democratic processes. An ethic of accountability establishes the conceptual parameters for the rights enjoyed and the responsibilities incurred by business within a democratically governed society. Accountability represents the linchpin of any legitimate and just economic system. An ethic of accountability operates at the critical interface between those who control society’s economic assets (organizational management) and the citizens that they benefit.

Sustainability represents a primary element in implementing an ethic of accountability. Thus, the administrative and operational systems must incorporate the requisite information, societal expectations, and performance evaluation criteria if they are to adequately satisfy the needs of both organizational management and society. From a process perspective, an understandable and transparent information and reporting system would be comprehensive and include the organizational wide goals as well as the related organizational governance structures. Following from the organizational goals and governance structures, society or their representative institutions should provide environmental, social, and economic information concerning key successes and failures; major organizational risks and opportunities; major changes in systems, structures or reporting practices; and the strategic and procedural responses contemplated and implemented. These performance measures represent examples of the
information necessary for organizational management to satisfy its obligation as a responsible member of an ongoing community as well as for society to fulfill its responsibility for specifying the performance evaluation criteria and holding organizations and their management accountable for their actions. In order to develop a better understanding of the rights and responsibilities associated with an ethic of accountability, each of the groups involved with, and affected by, the organization’s actions must actively and energetically engage in legitimate dialogue aimed at developing models and measures of economic, environmental, and social responsibility. It is the responsibility of members of the business academy to both facilitate and critique this dialogue.
REFERENCES


Global Reporting Initiative Guidelines. 2006


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<th>RESPONSIBILITIES</th>
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<td></td>
<td>- Business</td>
<td>- Assign control of society’s economic assets</td>
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<td>- Citizens</td>
<td>- Hold corporate management accountable for their use of society’s economic assets</td>
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<td>- Provide necessary social, political, and material infrastructure to facilitate a just society</td>
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<th>Rights</th>
<th>Responsibilities</th>
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<td></td>
<td>Use of society’s economic assets (financial, technical, human, natural)</td>
<td>Fiduciary relationship with respect to entrusted assets that include rendering actions transparent and understandable by providing relevant, timely, and accurate information</td>
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Table 1. An Ethic of Accountability
### Social Indicators

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<td>• Employment</td>
<td>• Investment practices</td>
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<td>• Labor/management relationships</td>
<td>• Procurement practices</td>
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<td>• Occupational health and safety</td>
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<td>• Training and education</td>
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<td>• Diversity and equal opportunity</td>
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<td></td>
<td>• Security practices</td>
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<tr>
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<th>Product Responsibilities</th>
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<td>• Nature, scope and effectiveness of programs and practices that assess and</td>
<td>• Health and safety impact of products and</td>
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<td>manage strategic and operational impacts on the community</td>
<td>services throughout the product life cycle</td>
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<td>• Corruption</td>
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<td>• Lobbying and contributions</td>
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<td>• Anti-compliance, anti-trust, and monopoly</td>
<td>• Customer privacy</td>
</tr>
<tr>
<td>• Fins and sanctions for noncompliance</td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Examples of Social Sustainability Indicators (GRI, 2006)