

Contents

<i>Acknowledgements</i>	<i>vii</i>
<i>Foreword</i>	<i>ix</i>
<i>Preface</i>	<i>xiii</i>
<i>Introduction</i>	<i>xvii</i>
1 Ethics According to Economists	1
1.1 Utilitarianism and Adam Smith	1
1.2 Beyond Utilitarianism: Amartya K. Sen	4
1.3 Ethics for Modern Economists	7
1.4 Sustainable Development and Social Responsibility	11
2 Ethics Applied to Economics	17
2.1 Beyond Accumulating Wealth	17
2.2 Qualifying the Characteristics of Ethics	24
3 The Roots of Ethical Uncertainty: A Change in Values	35
3.1 The Superstar Culture	35
3.2 Consequences of the Superstar Culture	39
4 Ethical Risk and How to Manage It	49
4.1 The Fraud Triangle Theory	49
4.2 Psychological Pressure to Achieve	52
4.3 Opportunity	58

4.4	Rationalisation	61
4.5	Traditional Risk Theory Applied to Ethical Risk	65
5	Areas on Which to Focus Efforts	73
5.1	External and Internal Measures	73
5.2	Spreading a Company Culture	75
5.3	The Effectiveness of Corporate Governance Models	81
5.4	The Study of Ethics	89
5.5	Selecting, Attracting and Retaining “Ethical” Staff	92
5.6	Fairness of Incentive Systems	96
6	Company Functions Responsible for Monitoring and Overseeing Ethics	101
6.1	Audit Committee	101
6.2	The Ethics and Compliance Department	103
6.3	Internal Audit Department	107
6.4	Risk Management Function	113
6.5	Strengthening “Ethical” Functions	115
7	Tools to Make Companies More Ethical	121
7.1	The Code of Conduct	121
7.2	Adopting a Whistleblowing Procedure	126
7.3	Ethical or Compliance Programmes	133
7.4	Support from Professional Associations	136
8	Conclusions	141