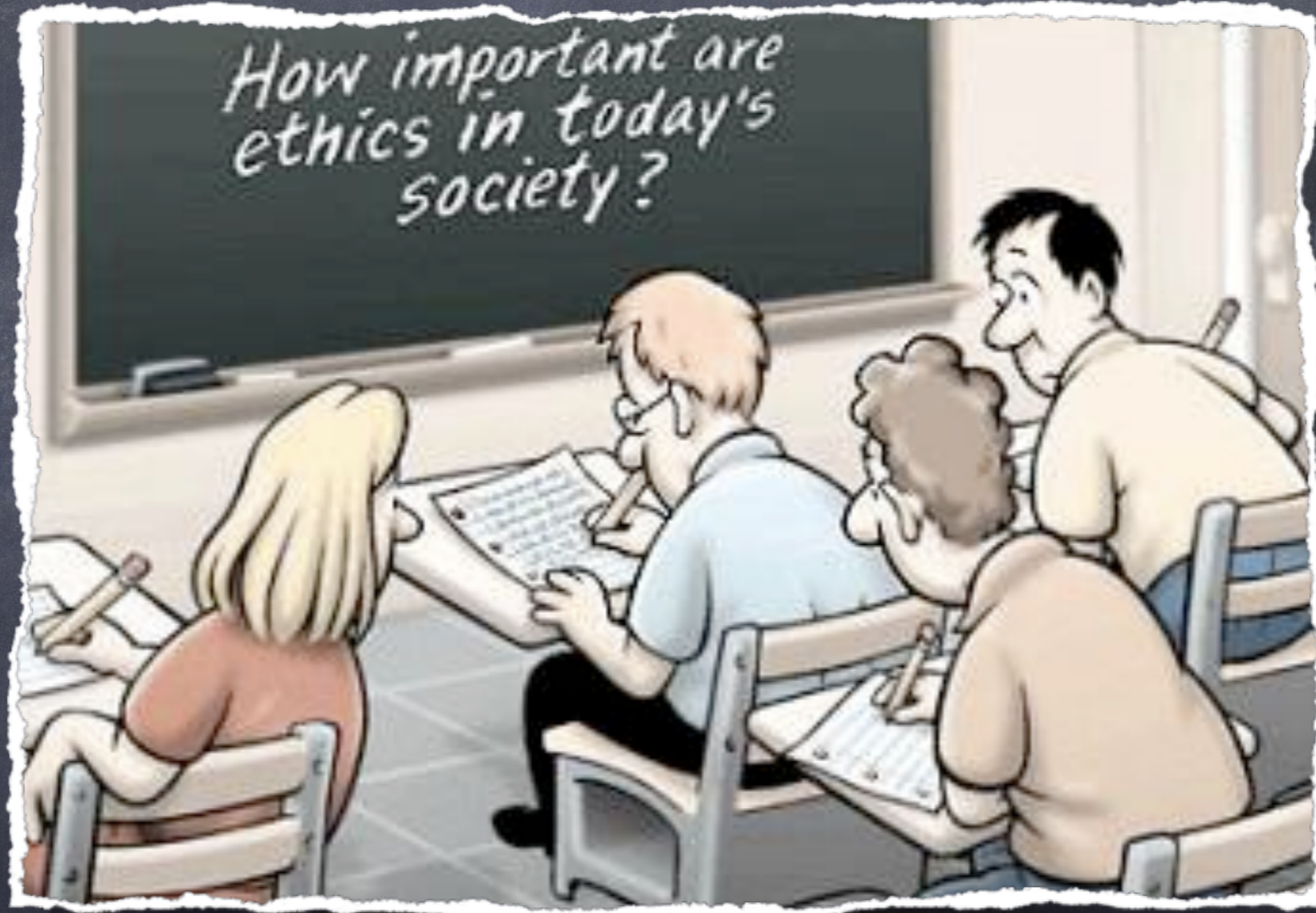


Ethics



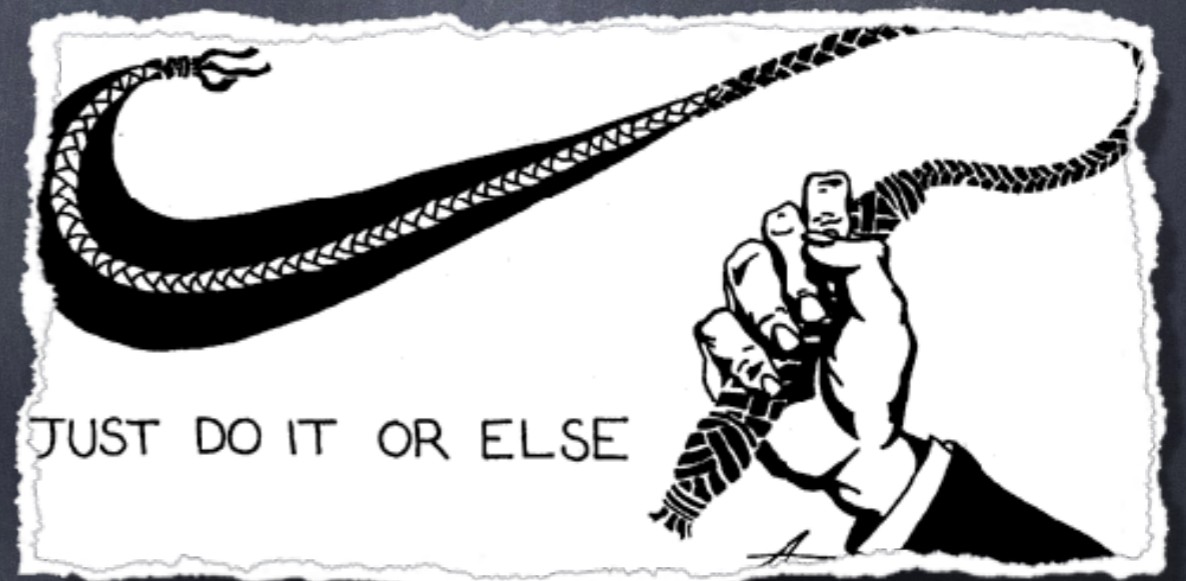
Chapters #3 and #4

Ethics:

- Code of moral principles.
- Set standards of “good” and “bad” as opposed to “right” and “wrong.”

Ethical behaviour:

- What is accepted as good and right in the context of the governing moral code.



Ethical Views

- **Utilitarian View:** Greatest good to the greatest number of people.
- **Individualism View:** Primary commitment is to one's long-term self-interests.
- **Moral-rights View:** Respects and protects the fundamental rights of all people.
- **Justice View:** Fair and impartial treatment of people according to legal rules and standards.



Ethical Dilemma:

- An ethical dilemma occurs when choices, although having potential for personal and/or organizational benefit, may be considered unethical.

Ethical dilemmas include:

- Discrimination
- Sexual harassment
- Conflicts of interest
- Customer confidence
- Organizational resources



Factors Influencing Ethical Behavior:

The Person:

- Family influences, religious values, personal standards, and personal needs.

The Organization:

- Supervisory behaviour, peer group norms and behaviour, and policy statements and written rules.

The Environment:

- Government laws and regulations, societal norms and values, and competitive climate in an industry.



Checklist for dealing with ethical dilemmas:

- Step 1. Recognize the ethical dilemma
- Step 2: Get the facts
- Step 3. Identify your options
- Step 4. Test each option: Is it legal? Is it right? Is it beneficial?
- Step 5. Decide which option to follow
- Step 6. Double-check decision by asking the “spotlight” questions: “How would I feel if my family found out about my decision?” “How would I feel about this if my decision were printed in the local newspaper?”
- Step 7. Take action.

Whistleblowers

Expose misdeeds of others to:

- Preserve ethical standards
- Protect against wasteful, harmful, or illegal acts
- Laws protecting whistleblowers vary

Ethical role models:

- Top managers serve as ethical role models.
- All managers can influence the ethical behavior of people who work for and with them.
- Excessive pressure can foster unethical behavior.
- Managers should be realistic in setting performance goals for others.

Codes of Ethics

- **Codes of Ethics:** Formal statement of an organization's values and ethical principles regarding how to behave in situations susceptible to the creation of ethical dilemmas.

Areas often covered by codes of ethics:

- Bribes and kickbacks
- Political contributions
- Honesty of books or records
- Customer/supplier relationships
- Confidentiality of corporate information

Organizational Stakeholders

- Those persons, groups, and other organizations directly affected by the behavior of the organization and holding a stake in its performance.

Typical organizational stakeholders:

- Employees
- Customers
- Suppliers
- Owners
- Competitors
- Regulators
- Interest groups



Perspectives on Corporate Social Responsibility

Classical View

Management's only responsibility is to maximize profits.

V.S.

Socioeconomic View

Management must be concerned for the broader social welfare, not just profits.

Social Responsibility

Arguments against Social Responsibility:

- Reduced business profits
- Higher business costs
- Dilution of business purpose
- Too much social power for business
- Lack of public accountability

Arguments in favor of Social Responsibility:

- Adds long-run profits
- Improved public image
- Avoids more government regulation
- Businesses have resources and ethical obligation

How government influences organizations:

Common areas of government regulation of business affairs:

- Occupational safety and health
- Fair labor practices
- Consumer protection
- Environmental protection



Corporate Governance

- The oversight of the top management of an organization by a board of directors.

Corporate Governance involves:

- Hiring, firing, and compensating the CEO.
- Assessing strategy.
- Verifying financial records.



Competitive Advantage

- Is a core competency that clearly sets an organization apart from competitors and gives it an advantage over them in the marketplace.

Companies may achieve competitive advantage in many ways, including:

- Products
- Pricing
- Customer service
- Cost efficiency
- Quality



Organizational Culture

Is the system of shared beliefs and values that develops within an organization and guides the behavior of its members.

The best organizations have strong cultures that:

- Are performance-oriented.
- Emphasize teamwork.
- Allow for risk taking.
- Encourage innovation.
- Value the well being of people.



Diversity:

- Describes differences among people at work.
- How diversity is handled in the workplace reflects the organization's culture.
- Respect and inclusion.
- Disrespect and exclusion.

Challenges faced by Minorities and Women:

- Glass ceiling
- Misunderstanding and lack of sensitivity
- Sexual harassment
- Pay discrimination
- Job discrimination
- Minorities may adapt by exhibiting biculturalism.