Chapter Objectives

1. Define business ethics and explain what it means to act ethically
2. Solve ethical dilemmas and make ethical decisions
3. Identify ethical issues in business and rationalizations for unethical behavior
4. Specify actions managers take to create/sustain ethical organizations
5. Explain how organizations are responsible to stakeholders
6. Identify threats to natural environment and how businesses are addressing them.

Idea of Business Ethics

➢ What Is Ethics?
  - Ethical Behavior
  - Business Ethics

➢ What Is Social Responsibility?
  - Corporate Social Responsibility
  - Stakeholders

Ethical Organizational Activities

✓ Treat People Fairly
✓ Fairness = Top Priority
✓ Everyone Accountable
✓ Communicate Core Values to All
✓ Demand/Reward Integrity from All

Best Corporate Citizens

- Proctor & Gamble
- Intel
- Avon
- Herman Miller
- Timberland
- Cisco
- Southwest Airlines
- AT & T
- Starbucks
- Merck
- Medtronic

Employee Attitudes In Unethical Companies

- Uneasy About Work
- Object To Way Treated
- Uncomfortable About How Co-Workers Treated
- Question Management Directives & Policies
Why Study Ethics?

- Ethics of future not the same as today/past
- Understand what is/isn’t acceptable/unacceptable
- Recognize/deal with ethical challenges
- Know right/wrong = marketable job candidate

Ethical Self-Examination, “I’m...”

1) Always Ethical
2) Mostly Ethical
3) Somewhat Ethical
4) Seldom Ethical
5) Never Ethical

Ethical Challenges

• “…arise in...business organizations [because]…multiple stakeholders...make conflicting demands.”

Ethical Dilemmas - problematic situations

Ethical Decisions - Ethical Lapse

How To Face an Ethical Dilemma

1. Define the problem and collect relevant facts.
2. Identify feasible options.
3. Assess the impact of each option on involved stakeholders.
4. Establish criteria for determining the most appropriate action.
5. Select the best option based on the established criteria.

How To Avoid an Ethical Lapse

Ask yourself:

1. Is the action legal?
2. Is it ethical to speak publicly?
3. If I were, why?; how would I feel about it?
4. Am I among friends or family, colleagues, or clients?
5. If I were to announce my action, what would I do?”
Basic Situations Causing Ethical Issues

- Bribes
- Conflicts of Interest
- Conflicts of Loyalty
- Issues of Honesty and Integrity
- Whistle-blowing

Bribes Vs. Gifts

- Cost of Item
- Gift
  - Timing
  - Type
- Connection
- Check Company Policy

Conflict of Interest

• “…individuals must choose between taking actions that promote their personal interests over the interests of others.”

Conflicts Of Interest

- Interferes With Best Interest of Company Stakeholders
- Use of Private Information

How to Maintain Honesty & Integrity

1. Celebrate
2. Complain
3. Integrate
4. Scrutinize
5. Cult

Whistle-Blowing

- Applauded or Shunned
- Career Suicide
- Sarbanes-Oxley
Common Rationalizations

1) My Behavior Isn’t Really Illegal Or Immoral
2) My Action Is In Everyone’s Best Interests
3) No One Will Find Out What I’ve Done
4) The Company Will Condone My Action And Protect Me

Ethics Influencers

- Members of Organization
- Top Managers & Supervisors
- Co-Workers & Subordinates

Formal Code Of Conduct:

- Principles & Guidelines
- Topics
  - Use Of Corporate Funds & Resources
  - Conflict Of Interest
  - Protection Of Proprietary Information
- Enforcement
- Encourages & Provides Instructions for Reporting

Corporate Social Responsibility

“…the approach…an organization takes in balancing its responsibilities toward stakeholders when making…decisions.”

The Corporate Citizen

- Owners—Fiduciary
- Employees
  - Safety & Health
  - Free from Sexual Harassment
  - Equal Opportunity & Diversity
  - Wages & Benefits
- Customers
- Communities

Stakeholders & Responsibility
Workplace Deaths by Event/Exposure

- Exposure to harmful substances or environments: 9%
- Fires: 12%
- Contact with objects and equipment: 15%
- Assaults and violent acts: 15%
- Transportation incidents: 42%

Workplace Deaths by Occupations

- Government: 10%
- Natural resources and mining: 15%
- Construction: 20%
- Manufacturing: 7%
- Wholesale and retail trade: 9%
- Transportation andwarehousing: 14%

Median Annual Earnings by Gender and Race

- Median Annual Earnings by Gender, Age, and Degree Level

Responsibilities to Customers

- Right to Safe Products
- Right to Be Informed
- Right to Choose
- Right to Be Heard

Responsibilities to Community

- Financial Contributions
- Volunteerism
- Supporting Social Causes
| Land Pollution |
| Air Pollution |
| Water Pollution |