

# Business Ethics & Social Responsibility



**Management V** Ethics and Social Responsibility: Examine the role of ethics and social responsibility in decision making.

**Information Technology XV** Ethical and Legal Issues: Describe, analyze, develop, and follow policies for managing ethical and legal issues in organizations and in a technology based society.

**Entrepreneurship VIII** Legal: Analyze how forms of business ownership, government regulations, and business ethics affect entrepreneurial ventures.

# Business Ethics & Social Responsibility



What are the key components of work ethic?

How does an organization create a policy and procedure employee handbook that incorporates legal and ethical issues?

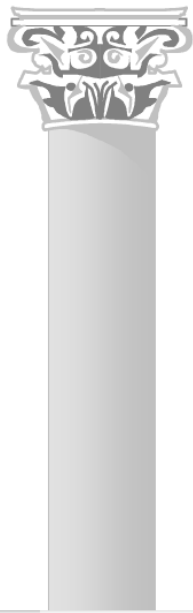
How do government regulations and business ethics affect entrepreneurial ventures?

# Business Ethics & Social Responsibility



Essential Question:  
How do Ethics play a role in Business Decisions?

# Work Ethic



## Overview

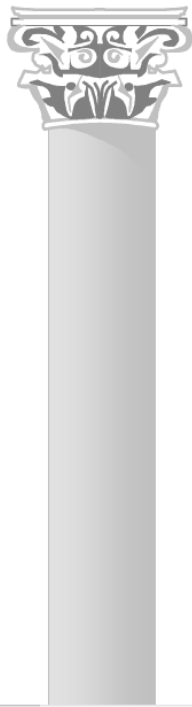
- Often spoken of, but what is it?
- Has it always been that way?
- How important is work ethic now?
- How do employers feel about work ethic?

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# Definition:



## Work Ethic Defined

- The work ethic is a cultural norm that places a positive moral value on doing a good job and is based on a belief that work has intrinsic value.
- What does that mean?
- Tell what work ethic is in your own words.

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# A MUST have-



## Look at the "Want Ads"

- Companies are seeking to hire people who are:
  - motivated
  - dependable
  - responsible
  - who work well with others
  - etc.
  - etc.
  - etc.

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# Employability Skills Assessment



## How is your work ethic?

- Complete your answers for the ESA
- Use the score sheet to calculate your scores for each of the three factors
- After completing the score sheet, the instructor will collect your completed ESA

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# ESA Outcomes???



**What are your strengths?**

- Factor 1 = Interpersonal Skills
- Factor 2 = Initiative
- Factor 3 = Being Dependable

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# **What are your strengths?**

- **Interpersonal Skills**
- **Initiative**
- **Being Dependable**
  
- **How do these characteristics affect success at work?**
- **In what ways can we change any of these things about ourselves?**

# *The Crash; A Case Study*

- How does work ethic influence opinions and decisions others make about a person? m.socrative.com room # 535269
- Listen for instructions on *The Crash*.
- Put your group's responses on m.socrative.com room #535269

# *Dr. Emerson, Case Study*

Groups consider the following questions:

1. What was more important to your group- job skills or interpersonal skills?
2. How important is a person's appearance in both getting and keeping a job?
3. Do you know of situations where someone had problems being successful because of poor interpersonal skills?
4. How can interpersonal skills be improved?  
Where can someone learn these if they want to



# **The Work Ethic: A Status Report**

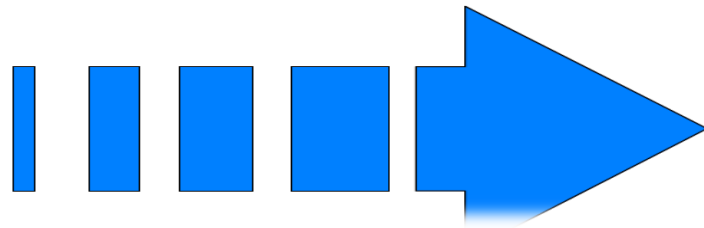
- H.W. Assignment
- Interview someone born prior to the 1960.
- Be prepared to share on Friday.
- How has work ethic and work attitudes changed during the past 50 years?



# **The Work Ethic: A Status Report**

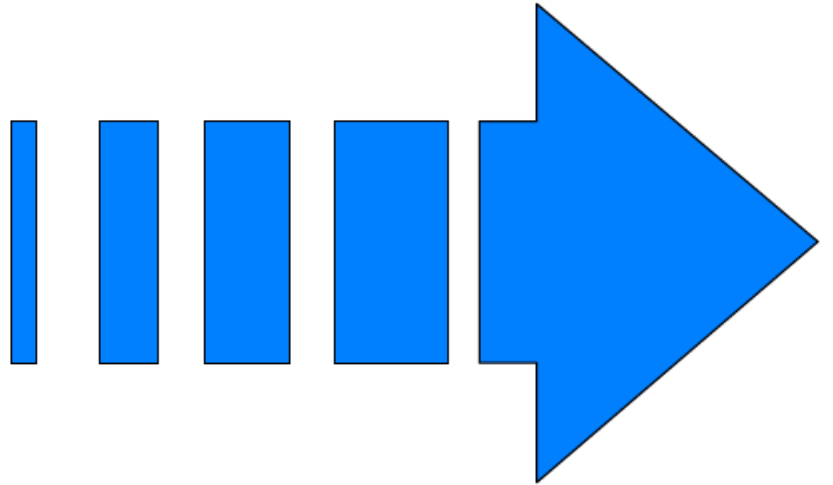
- Who did you talk with?
- What changes in work ethic did the person describe?
- Was the person you talked with optimistic or pessimistic about this topic?

# The Work Ethic: Initiative



- independent
- ambitious
- effective
- initiating
- perceptive
- efficient
- adaptable
- accurate

- conscientious
- persevering
- orderly
- enthusiastic
- persistent
- dedicated
- productive
- resourceful

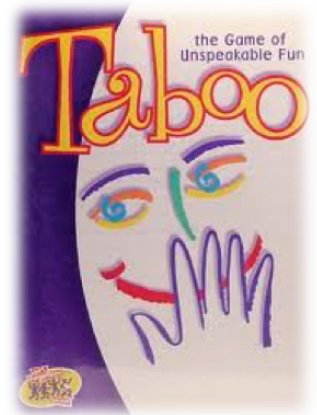


- Which of the people in the pictures on the worksheet are showing initiative?
- What is it that makes you think they have initiative?
- How is initiative an important characteristic for the tasks chosen?

# Are Interpersonal Skills Important?

- Use what you know about yourself and find a job posting that includes your strength(s):
- **Interpersonal Skills, Initiative, Dependability**
- **When completed.....**

**Interpersonal Skills Taboo!!!!**







# Are Interpersonal Skills Important?

- Why did you initially choose the person you did, to observe?
- In what ways do their interpersonal skills help them be successful on the job?
- Do you think their interpersonal skills (soft skills) affect the perception co-workers and their manager has on them?
- What interpersonal skills that you observed today do you NOT currently possess, but plan to work on? How do you plan to attain these?



# Initiative on the Job

- List jobs that require a lot of initiative
  - How is the pay?
  - How are the benefits?
  - Is it the kind of job you would like to have?
- List jobs that do not require initiative
  - How is the pay?
  - How are the benefits?
  - Is it the kind of job you would like to have?

## *The Computer Salesperson,* **A Case Study**

- In your small groups discuss the following:
  1. Should Juan give Donica a raise?
  2. If you were in Juan's shoes, what would you do if Donica threatened to quit and to go to work for a competitor if she did not receive a raise?
  3. If initiative in the form of getting new customers was something Juan expected Donica to do, should it have been written into the job description?
  4. Are workers sometimes evaluated on their initiative even though it is not mentioned in their job description?

# Business Ethics

- Remember, business ethics applies to moral standards in business situations.
- Ethical issues often arise out of a business's relationship with investors, customers, employees, creditors, or competitors.



# Examples of ethical issues

- Investors want management to make sensible financial decisions that will boost sales, profits, and returns on investments.
- Customers expect a firm's products to be safe, reliable, and reasonable priced.
- Employees demand to be treated fairly in hiring, promotion, and compensation decisions.
- Competitors expect the firm's competitive practices to be fair and honest.

# Ethical Issues cont.

- Communications- Business communications can present ethical questions, especially advertising.
- Assignment: Find an example of a false or misleading advertisement. Remember such advertisements are illegal and unethical!

# Ethical Issues



- Conflict of Interest- When a business person takes advantage of a situation for his or her own personal interest rather than for the employer's interest.
- A wise rule to remember is that anything given to a person that might unfairly influence that person's business decision is a bribe, and all bribes are unethical!

# Whistle Blowing

- [A decision of an employee to inform officials or the public about legal or ethical violation.](#)
- [Monster's Inc video](#)
- [Three Whistle Blowers](#)
- [Edward Snowden](#)





# Government's Role in Ethics

- [Sarbanes-Oxley Act of 2002\(video clip\)](#)
- The act provides legal protection for those who report corporate misconduct.
- George W. Bush- “The act adopts tough new provisions to deter and punish corporate and accounting fraud and corruption, ensure justice for wrongdoers and protect the interests of workers, and shareholders.”



## How could Sarbanes Oxley Act, 2002 have helped the Enron situation?

- What happened at Enron?
- [Enron Time-Line http://www.cnn.com/2013/07/02/us/enron-fast-facts/](http://www.cnn.com/2013/07/02/us/enron-fast-facts/)
- If Sarbanes Oxley Act was in place, what would be different for the share holders of Enron prior to 2002?
- Write your responses in paragraph form

# Dilemma...Dilemma

- Dilemma
- A situation where there is a difficult choice between two or more options.
- Ethical Dilemma
- A moral problem with potential right or wrong answers.



# When there's an Ethical Dilemma

## KNOW THE FACTS

What are the facts?

Who will be impacted by my decision?

Do I have authority to make this decision on my own?

## ANALYZE

Is this the right thing to do?

Does it comply with our *Standards of Business Ethics*?  
The law?

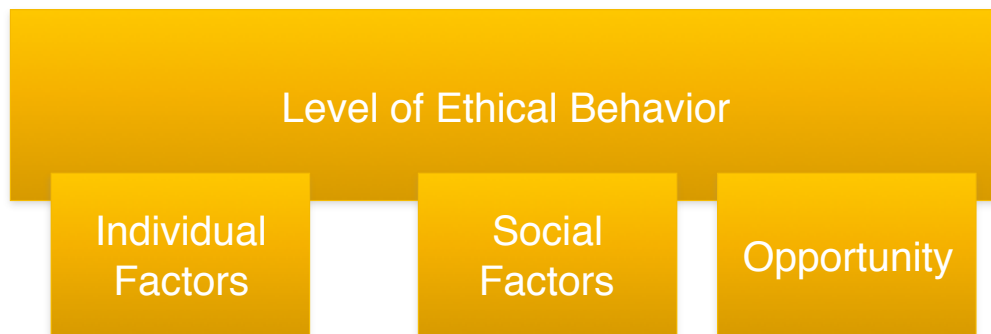
Will my decision impact the company's reputation?

## CONSIDER

Would I be embarrassed if my co-workers or family found out about this?

Would I be embarrassed if this appeared in the news?

# Factors That Affect Ethical Behavior



# Individual Factors

- Individual Knowledge of an Issue
- Personal Values
- Personal Goals

# Social Factors

- Cultural Norms
- Coworkers
- Significant Others
- Use of the Internet

# “Opportunity” Factors

- Presence of Opportunity- the amount of freedom an organization gives an employee to behave unethically if he or she makes that choice
- Ethical Code- The importance management places on this code
- Enforcement- Degree of enforcement of company policies, procedures, and ethical codes



# Two views of Social Responsibility

- **The Economic Model**
- Holds that society benefits most when business is left alone to produce and market profitable products that society needs
- **The Socioeconomic Model**
- Places emphasis not only on profits but also on the impact of business decisions on society

Arguments?  
Debate both  
sides in groups

# Pros and Cons

## ■ Economic Model:

- Business managers are responsible primarily to stockholders, so management must be concerned with providing a return on owner's investments
- Corporate time, money, and talent should be used to maximize profits, not to solve society's problems
- Social problems affect society in general, so individual businesses should not be expected to solve these problems
- Social issues are the responsibility of gov't officials who are elected for that purpose and who are accountable to the voters for their decisions.

## ■ Socioeconomic Model

- Business is a part of our society, it cannot ignore social issues
- Business has the technical, financial, and managerial resources needed to tackle today's complex social issues.
- By helping resolve social issues, business can create a more stable environment for long-term profitability
- Socially responsible decisions making by firms can prevent increased gov't intervention, which would force businesses to do what they fail to do voluntarily

## Consumerism

## Effects of Consumerism on business

Consumerism-  
All activities  
undertaken to  
protect the  
rights of  
consumers

- How could consumerism effect business in general?
- In marketing?
- In Research and Development (R&D)?

# The 6 Basic Rights of Consumers

- 1. The Right to Safety
- 2. The Right to be Informed
- 3. The Right to Choose
- 4. The Right to be Heard
- 5. The Right to be fully informed about your rights.
- 6. The Right to Service

# Deciding to be socially responsible

- Should include business managers, government, and the public.
- Effects of Environmental Legislation
  - Water Pollution
  - Air Pollution
  - Land Pollution
  - Noise Pollution



# Major Environmental Laws

- Each group will choose a law to learn and report back to the class on the major provisions the law provides:
  - Food Quality Protection Act 1996
  - Clean Air Act Amendments 1970, 1977, 1987, 1990
  - Oil Pollution Act 1990
  - Resource Conservation and Recovery Act 1984
  - Noise Control Act 1972

# Implementing a Program of Social Responsibility

- Total Commitment!
- It takes time, money, and organization!
  - Commitment of Top Executives
  - Committee planning
  - Appointment of a Director
  - Conducting a social audit (a report of what the organization has done and is doing with regard to social issues that affect it)

# Funding the Program



- Where does the money come from?
  - The cost can be past onto consumers in the form of higher prices.
  - The organization can absorb the cost of the program
  - The gov't may pay for all or part of the cost through tax reductions or other incentives.



# Human Resources or HRM

- What is Human Resources? Or HRM?
- Human Resources or Human Resource Management is a department in an organization that involves all the activities involved in acquiring, maintaining, and developing an organization's human resources.

# Employment Practices

- Just like consumers have rights, employees have rights too!
- Equal treatment in the workplace
  - Sometimes denied to minorities. **Minority-** a racial, religious, political, national, or other group regarded as *different* from the larger group.

# Affirmative Action Programs

- A plan designed to increase the number of minority employees at all levels within an organization
- Employers with federal contracts of more than \$50,000 must have written affirmative action plans to be sure minorities are represented in the organization. AAP's must include all areas of recruiting, hiring, training, promotion, and pay.

# Individual Companies' Role in Ethics

- Codes of ethics that companies provide to their employees are perhaps the most effective way to encourage ethical behavior.
- It can outline uniform policies, standards, and punishments for violations. When employees know what to expect if they violate the rules, a code of ethics goes a long way toward encouraging ethical

# Code of Ethics

- A document that describes specifically how a company's employees should respond to different situations.

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## Code of Ethics

*Excellence*

Our Certified Wedding Specialists strive for excellence and perfection by giving quality service to every wedding coordinated and directed.

*Team Work*

A Weddings Beautiful Worldwide Certified Wedding Specialist is trained to work in harmony with the bride, her family, the clergy, the wedding party and all vendors. We believe that people are more productive when they work as a team sharing their knowledge and skills, in a spirit of harmony.

*Honesty*

A Weddings Beautiful Certified Wedding Specialist has been trained to be honest in every aspect of the transaction with her clients.

*Integrity*

Weddings Beautiful Worldwide promotes integrity by encouraging our graduates to always do what is morally and ethically right.

*Commitment*

Weddings Beautiful graduates are committed to giving value for the dollar by following the strategic plans outlined to the bride on a timely schedule. It is the commitment which creates the environment wherein quality of service is achieved.

*Sincerity*

Weddings Beautiful Worldwide graduates are sincere in their desire to present the bride with a quality service performed.

# How do ethics play a role in business decisions?

- You're going to write an employee handbook that details the following:
  - Ranger Station Code of Ethics
  - Job Descriptions of each position
  - Employment Practices
  - A Consumer Bill of Rights
  - A statement of Social Responsibility