

2 chapter

Business Ethics

Introduction to Business DBB 1213

Instructor Lecture PowerPoints

Business and Ethics

- Ethics
 - Moral principles that govern a person's behavior in daily life
- Business Ethics
 - Moral principles that govern a person's behavior in business environment.





Common Unethical Act in Business

- Misrepresenting hours worked
- Employees lying to supervisors
- Management lying to employees, customers, or public
- Misuse of organizational assets
- Lying on reports
- Sexual harassment
- Stealing and theft
- Accepting or giving bribes

Individual Values and Codes

- Sources of Personal Codes of Ethics
 - Childhood responses to adult behavior
 - Influence of friends
 - Experiences in adulthood



Ethical Dilemma

Making decisions under issues that have no clear indication of what is right or wrong.





Ethical Dilemma in the Workplace

1. Co-worker sneaking out early.
2. Doctor and terminal patient.
3. Fast food employees and leftover.
4. Teacher and plagiarize work.

Corporate Social Responsibility

- Corporate Social Responsibility (CSR)
 - The overall way in which a business attempts to balance its commitments to relevant groups and individuals (stakeholders) in its social environment
- Organizational Stakeholders
 - Groups, individuals, and organizations that are directly affected by the practices of an organization and, therefore, have a stake in its performance
 - Include owner, customer, employee, investors, supplies, and community



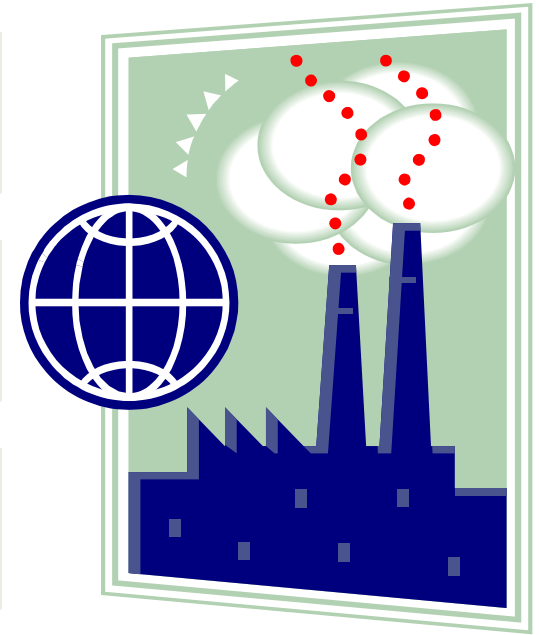
Areas of Social Responsibility

Environment

Customers

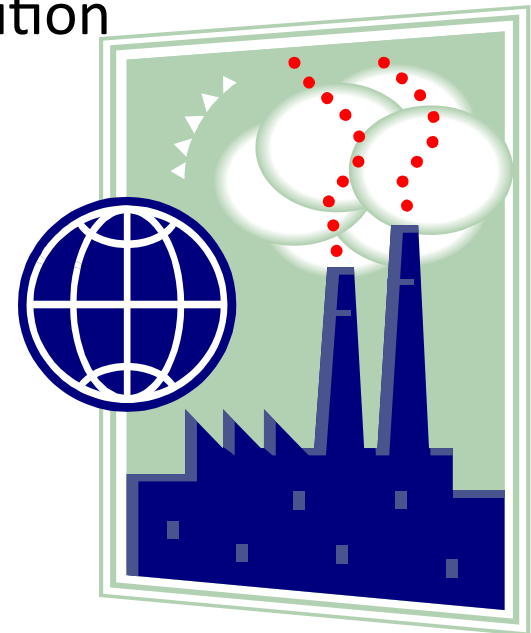
Employees

Investors



Responsibility Toward the Environment

- Properly disposing of toxic waste
- Engaging in recycling
- Controlling air, water, and land pollution
- Green Marketing
 - The marketing of environmentally friendly product and services





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ISSUE:



Green before it was the Scene
The Body Shop has been rooted in environmental causes since the 1970s. We removed all the ads in this issue and replaced them with a single sheet of paper you can plant.



Earth First



BOARD



Starbucks promoting reusable plastic coffee cup



Responsibility Toward the Customers

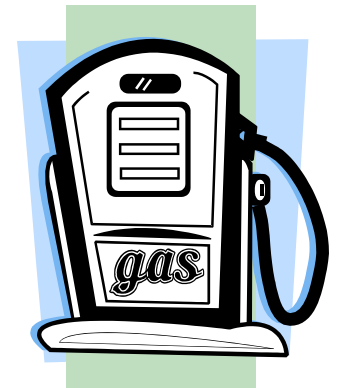
Involves providing quality products and pricing products fairly

Basic Consumer Rights

- To possess safe products
- To be informed about all relevant aspects of a product
- To be heard
- To choose what to buy
- To be educated about purchases
- To receive courteous service

Responsibility Toward the Customers

- Unfair Pricing
 - **Collusion:** When two or more firms agree to collaborate on such wrongful acts as price fixing
 - **Price gouging:** Responding to increased demand with overly steep price increases
- Ethics in Advertising
 - Avoid misleading advertisement and provide truth
 - Avoid morally objectionable advertisement



Misleading advertisement



Misleading advertisement

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Morally objectionable advertisement



Morally objectionable advertisement



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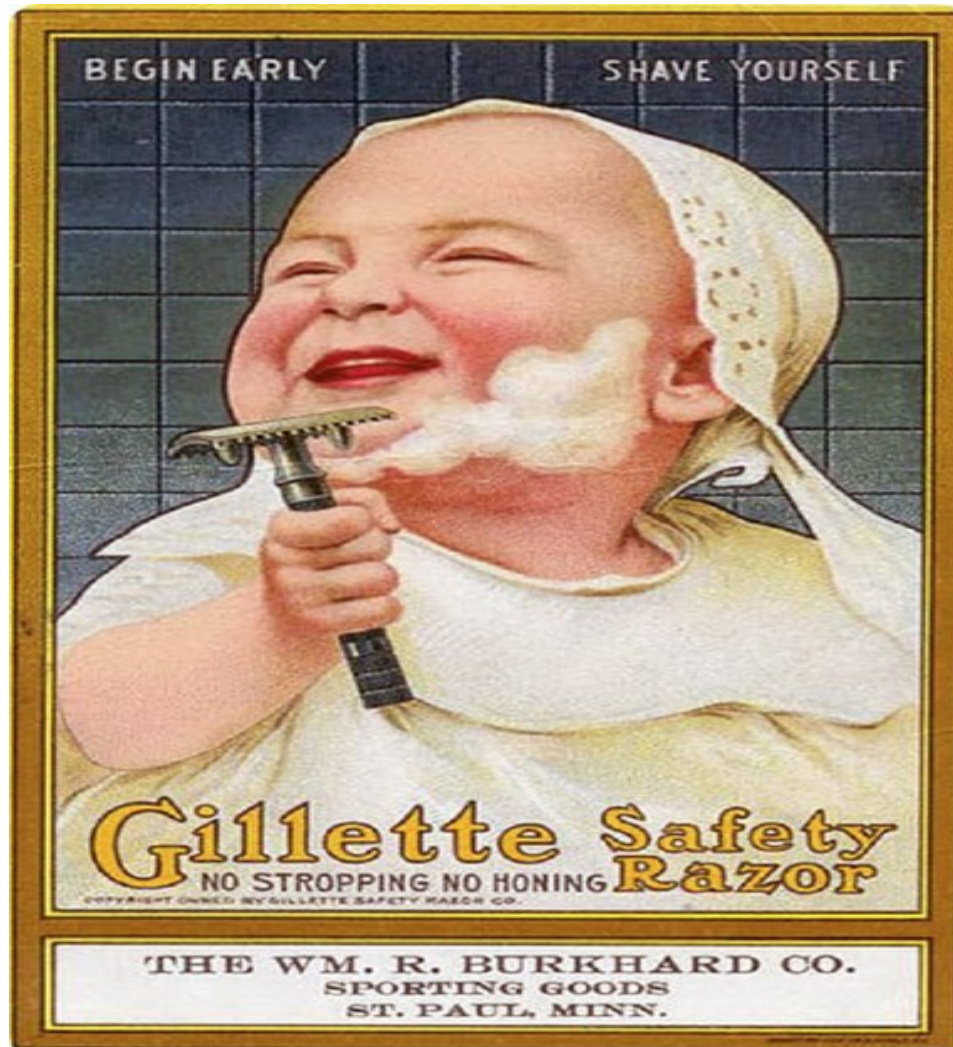
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Morally objectionable advertisement





Responsibility Toward Employees

- A company should its employee with equal opportunities without regard to race, sex and other irrelevant factor.
- Legal and social commitments to:
 - Not practice illegal discrimination
 - Provide a physically and socially safe workplace
 - Provide opportunities to balance work and life
 - Provide protection for whistleblowers



Responsibility Toward Employees

Whistleblower - An employee who discovers and tries to put an end to a company's unethical, illegal, or socially irresponsible actions by publicizing them

Why employees are not willing to be a whistleblower?

- Didn't believe action would be taken.
- Feared bad consequences from management.
- Feared bad consequences from co-workers.
- Didn't trust confidentiality.
- Didn't know who to contact.
- Nobody cares, why should I?

Uber Whistle Blowing Case

Susan Fowler, an engineer who left Uber in December, published a blog post about her time at the company.

She detailed a history of discrimination and sexual harassment by her managers, which she said was ignored by Uber's human resources department.





The company hired former US Attorney General Eric Holder to launch an investigation and understand why so many women had such bad things to say about their employee experience. The report was damning, and more than 20 people have been fired for inappropriate conduct.

Since Ms. Fowler's blog post, several Uber employees have said they are considering leaving the company. Some are waiting until their equity compensation from Uber, which is restricted stock units, is vested. Others said they had started sending résumés to competitors.

Responsibility Toward Investors

- Proper financial management
- Proper representation of finances





Implementing Corporate Social Responsibility (CSR) Programs

- Arguments against CSR
 - The cost of CSR threatens profits.
 - Business lacks expertise in CSR matters.
- Arguments to support CSR
 - CSR should take priority over profits.
 - Corporations as citizens should help others.
 - Corporations have the resources to help.
 - Corporations should solve problems they create.



Four Approaches to Corporate Social Responsibility

- **Obstructionist Stance**
 - A company does as little as possible and may attempt to deny or cover up violations
- **Defensive Stance**
 - A company does everything required of it legally but no more
- **Accommodative Stance**
 - A company meets its legal and ethical requirements and also goes further
- **Proactive Stance**
 - A company meets its legal and ethical requirements and goes further actively seeks to contribute to the well-being of groups and individuals in its social environment



Managing Social Responsibility Programs

1. Social responsibility must start at the top and be considered a factor in strategic planning.
2. A committee of top managers must develop a plan detailing the level of management support.
3. One executive must be put in charge of the firm's agenda
4. The organization must conduct occasional social audits.