

Lecture 4 Managing Social Responsibilities and Ethics

- Mangers should be financially responsible
- Transparency without disclosing secrets
- Social responsibility/business ethics/management ethics are same.

- Behavior that is not legal is socially irresponsible
- Mgmt.'s sole responsibility is to protect the shareholder's interest
- Mangers cannot simply donate shareholders' money without their permission

- A manager's commitment for the society should be voluntary and involuntary.

- Social responsibility as social responsiveness
 - This type of behavior is anticipative and preventive NOT proactive and reactive.

- A continuum of social responsibility
 - One extreme is socially obligated
 - Mainly org's economic and legal

responsibilities.

- It can be in the middle – Socially reactive
 - Reacting to various demand groups/lobbyists etc.
 - The extreme is socially responsive
 - Behavior is anticipatory.

- Socially responsible acts can take any of the Eight Forms:
 - Marketing practice
 - Product line
 - Employee education and training
 - Environmental control
 - Employee relation/benefits
 - Employee safety and health
 - Advancement of minorities
 - Corporate philanthropy
- 3 groups of beneficiaries
 - Internal beneficiaries
 - Responsibility to customers:
 - Responsibility to employees:
 - Responsibility to shareholder:
 - External beneficiaries:
 - Beneficiaries can be specific or general

- Specific external beneficiaries:
 - Aimed toward minorities, aged groups, women etc.
- General external beneficiaries:
 - Tries to solve general social problem like air, water etc.
 - An overall concern for environment.
 - Concern for education, health etc also.

-Managerial ethics

- Ethics is about doing the right thing
- Ethical misconduct by mgmt. can be extremely costly.

-3 factors of ethical decision-making:

- Maximum personal benefits (egoism)
 - Very selfish in nature
- Maximum social benefits (altruism)
 - Concern for society mostly.
- Obligation to a formal principal
 - Believes rightness or wrongness depends on principals not consequence

-Code of ethics:

Written, formal statement about a company's values, beliefs, and norm, and what is ethical and what is unethical.

-Confidentiality: attorney-client

-Sexual harassment

-Gifts/bribes

-Reasons why code of conduct fails

-Most ethical guidelines emphasize on regulatory rather ethics/values

-Culture varies

-accepting gifts are legal in Japan but not in USA.

-Lack of ethics advocate:

-Who oversees the compliance of ethical behavior.