

Chapter 2: Business Ethics and Social Responsibility

Chapter Outline

A. Ethics in the Workplace

1. Individual Ethics : comes from parents, school, society
2. Business and Management Ethics
3. Assessing Ethical Behavior
4. Company Practices and Business Ethics

B. Social Responsibility

1. The Stakeholder Model of Responsibility
2. Contemporary Social Consciousness

C. Areas of Social Responsibility

1. Responsibility toward the Environment
2. Responsibility toward the Customers
3. Responsibility toward the Employees
4. Responsibility toward the Investors

D. Implementing Social Responsibility Programs

1. Approaches to Social Responsibility
2. Managing Social Responsibility Programs

E. Social Responsibility and the Small Business

Ethics: beliefs about what is right and wrong or good & bad in actions that affect others

Behavior {
 → Ethical: conforming to generally accepted social norms
 → Unethical: does not

• What defines ethical & unethical Behavior?

Individuals, culture, ;

• Real world and law

when something is known to be unethical the laws makes it forbidden

• Business & managerial ethics

standards that guide individual managers in their work

1- Behavior toward employees

hiring & firing, wages & working conditions, privacy and respect

المسؤولية الاجتماعية Social Responsibility

Social responsibility refers to the overall way in which a business itself tries to balance its commitments to relevant groups and individuals in its social environment.

Share ← organizational stakeholders

A. The Stakeholder Model of Responsibility من الجهات المنتفعة من الشركة
 Most companies strive to be ethically responsible to five main groups:

1. Customers. Critical factors include charging fair prices, honoring warranties, and standing behind product quality.

2. Employees. Treating workers fairly, making them a part of the team, and respecting their dignity promote a company's reputation.

3. Investors. Managers must follow proper accounting procedures, provide appropriate information to shareholders, and manage the organization to protect shareholder investments.

2- Toward organization
 conflict of interest-
 confidentiality &
 honesty

3- Toward other
 economic agents
 advertising, financial
 disclosure, ordering
 & purchasing ----

Assessing ethical behaviour

• how to judge a situation?

- 1- Gather the relevant factual information
- 2- Analyze the facts to determine the most appropriate moral values
- 3- Make an ethical judgment

Company practices & Business ethics

• There are 4 rules to look at to judge ethically

- 1- utility 2- rights 3- justice 4- caring

← اذا نتين ما تحققو منها العلى من حياقي وقاسمك

• To formalise management commitment to ethical business practices

- 1- Adopting writing codes
- 2- Instituting ethics programs

4. Suppliers. Partnership arrangements with suppliers can enhance market image and firm reputation.
5. Local and International Communities. Contributing to local and global programs has a positive impact on the community.

Contemporary social consciousness الوعي الاجتماعي المعاصر

Areas of Social Responsibility ماذا تشمل المسؤولية المجتمعية

A. Responsibility toward the Environment مسؤولية تجاه البيئة

several factors combine to lower air quality / causes acid rain

1. **Air Pollution:** Under new laws, many companies must install special devices to limit pollutants they expel into the air.

pollutes because of

2. **Water Pollution:** Increased awareness of chemical and waste dumping and the resulting dangers has led to improved water quality in many areas of the country.

3. **Land Pollution:** Proper toxic waste disposal and recycling programs are allowing companies to help restore land quality and to prevent further contamination.

- 1- how to restore the quality of land that has already been damaged
2- prevention of future contamination

4. **Green Marketing:** Businesses are increasingly recognizing that looking after the environment is good marketing. As a result, businesses are now concerned with a number of environmental factors:

B. Responsibility toward Customers مسؤولية تجاه المستهلكين

1. **Consumer Rights:** Consumerism is social activism dedicated to protecting the rights of consumers in their dealings with businesses. هناك حقوق للمستهلكين

(consumer Bill of Rights)

2. **Unfair Pricing:** Collusion occurs when two or more firms agree to collaborate on wrongful acts, such as price fixing; price gouging occurs when firms respond to increased demand with steep price increases (عندما يتفق المنافسون على توحيد العر مثلا و هذا يكون ليس لصالح المستهلك

كلاعب في الاسواق

لما يزيد الطلب
بزيادة الاسعار كثير

3. **Ethics in Advertising:** Consumers deserve to be given product information that is truthful and can be proven, as well as information that is not morally objectionable.

C. Responsibility toward Employees مسؤولية تجاه موظفي الشركة

1. **Legal and Social Commitments:** Recruiting, hiring, training, promoting, and compensating are the basis for social responsibility toward employees; a whistle-blower is an employee who discovers and tries to end a company's unethical, illegal, or irresponsible actions by publicizing them. Most organizations now have whistleblower policies to protect whistleblowers from retaliation.

D. Responsibility toward Investors مسؤولية تجاه المستثمرين او اصحاب الاسهم

1. **Improper Financial Management:** Insider trading occurs when someone uses confidential information to benefit from the purchase or sale of stocks. Misrepresentation of finances is where unethical managers project profits that they do not expect to get or hide losses and expenses incurred to boost paper profits.

استخدام معلومات داخلية للاسهم

A. Approaches to Social Responsibility

1. **Obstructionist Stance:** الموقف المعارض Organizations do **as little as possible to solve social or environmental problems.** هناك شركات تعارض المسؤولية المجتمعية او تعمل اقل ما يمكن
2. **Defensive Stance:** الموقف الدفاعي Organizations **will do everything that is required of them legally but nothing more.** بعض الشركات تلتزم فقط بالقانون مثل شركات السجائر
3. **Accommodative Stance:** موقف فيه تكيف The organization **meets its legal and ethical requirements but will also go further in certain cases.** الشركات تلتزم بالقانون و تعمل اكثر لصلحة الافراد والمجتمعات
4. **Proactive Stance:** موقف فعال و سباق Firms that adopt this approach take to **heart the arguments in favor of social responsibility.** هنا الشركات تكون مهتمة جدا بالمسؤولية المجتمعية بل و تبادر لما فيه من مصلحة البلد

• صلبه ص
أقل مستوى
في الالتزام إلى
أعلى مستوى

KEY TEACHING TIPS

B. Managing Social Responsibility Programs

1. Managers must take steps to **foster social responsibility.** Such steps include:
 - Making social responsibility a **factor in strategic planning.**
 - **Developing a plan** detailing the level of management support.
 - **Putting one executive in charge** of the agenda.
 - Conducting **occasional social audits.**

Explain how issues of social responsibility and ethics affect small business.

A. Social Responsibility and the Small Business المسؤولية لديها مسؤولة الشركات الصغيرة لديها مسؤولية اجتماعية أيضا

1. Many big-business responses to ethical and social responsibility issues apply to small businesses; differences are primarily differences of scale.