



**ensia** The National School of  
Artificial Intelligence  
المدرسة الوطنية العليا للذكاء الاصطناعي

October 17, 2023





## PART 2: MANAGING IN TURBULENT ENVIRONMENTS

### Chapter 3:

# ETHICS &

# SOCIAL RESPONSIBILITY

Prepared by  
Argie Butler



## 4 Learning Goals:



1. **Recognising** and stating the **importance of ethics** for individual employees and organisations, thus making ethical decisions and managing ***a socially responsible business***;
2. **Describing** **4 influences** that shape the ethical behaviour and decisions of individuals and organisations;
3. **Considering** **3 approaches** that people use when making **ethical judgments**;
4. **Explaining** stakeholder **social responsibility** and how it influences managers' **ethical decisions and behaviour**.



# -1- IMPORTANCE of ETHICS



# SNAPSHOT



*“While the majority of corporate CEOs are honest leaders dedicated to building their companies, **far too many** got caught up in the quest for personal gain and wound up sacrificing their values and their stakeholders. Call it **GREED**, because that’s what it is. It threatens the very fabric of our system”.*

*W. W. George, Former CEO and Chairman, Medtronic, Inc.*

## Definition of ethics:

The set of values, principles, and rules that define **right** and **wrong** conduct.



# Impact of Ethics on Long-term Organisational Effectiveness

When organisations are ethical they can achieve:

- ❑ Stronger financial performance over the long run;
- ❑ Greater sales, brand image, and reputation;
- ❑ more employee loyalty and commitment;
- ❑ Less vulnerability to activist pressure and boycotts;
- ❑ Fewer or no fines, court-imposed remedies, and criminal charges.



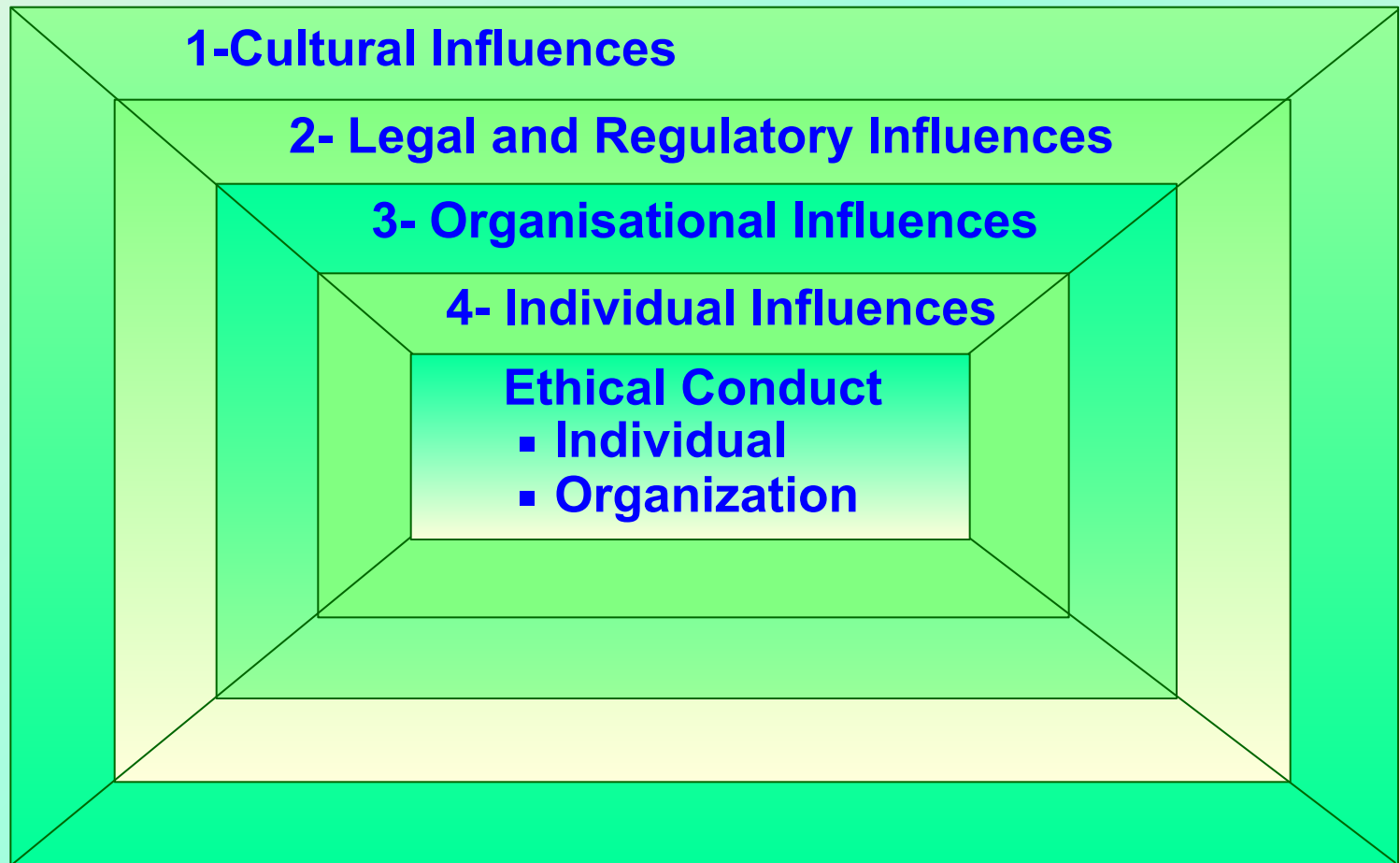
**-2-**

# **THE 4 INFLUENCES**





# Shaping Ethical Conduct





# 1- Cultural Influences

## ❑ Culture:

The dominant pattern of living, thinking, and believing that is developed and transmitted by people, **consciously or unconsciously**, to subsequent generations.

## ❑ Culture Values:

Those consciously and subconsciously **deeply held beliefs** that specify general preferences and behaviours, and define what is right and wrong.



# Personal Values

## Examples of Core Values

<b>Honesty</b>	<b>Family</b>
<b>Integrity</b>	<b>Achievement</b>
<b>Trustworthiness</b>	<b>Reliability</b>
<b>Respect for Other People</b>	<b>Fairness</b>
<b>Self-respect</b>	<b>Loyalty</b>



## 2- Legal and Regulatory Influences

In the **past** U.S.  
organisations could  
legally discriminate  
against women and black  
people

**Legality doesn't always  
mean ethical**

**Laws:** Society's values and  
standards that are enforceable in the  
courts



## ❑ Examples of Lawful Reasons for Dismissing Employees



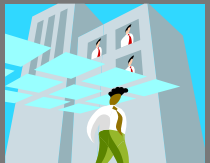
- Incompetence in performance that does not respond to training or to accommodation;
  - Gross or repeated insubordination;
- Civil rights violations such as engaging in harassment;
  - Illegal behaviour such as theft or physical violence;
- Repeated lateness or unexcused absences;
- Drug activity or drunkenness on the job.





## ❑ Examples of Unlawful Reasons for Dismissing Employees

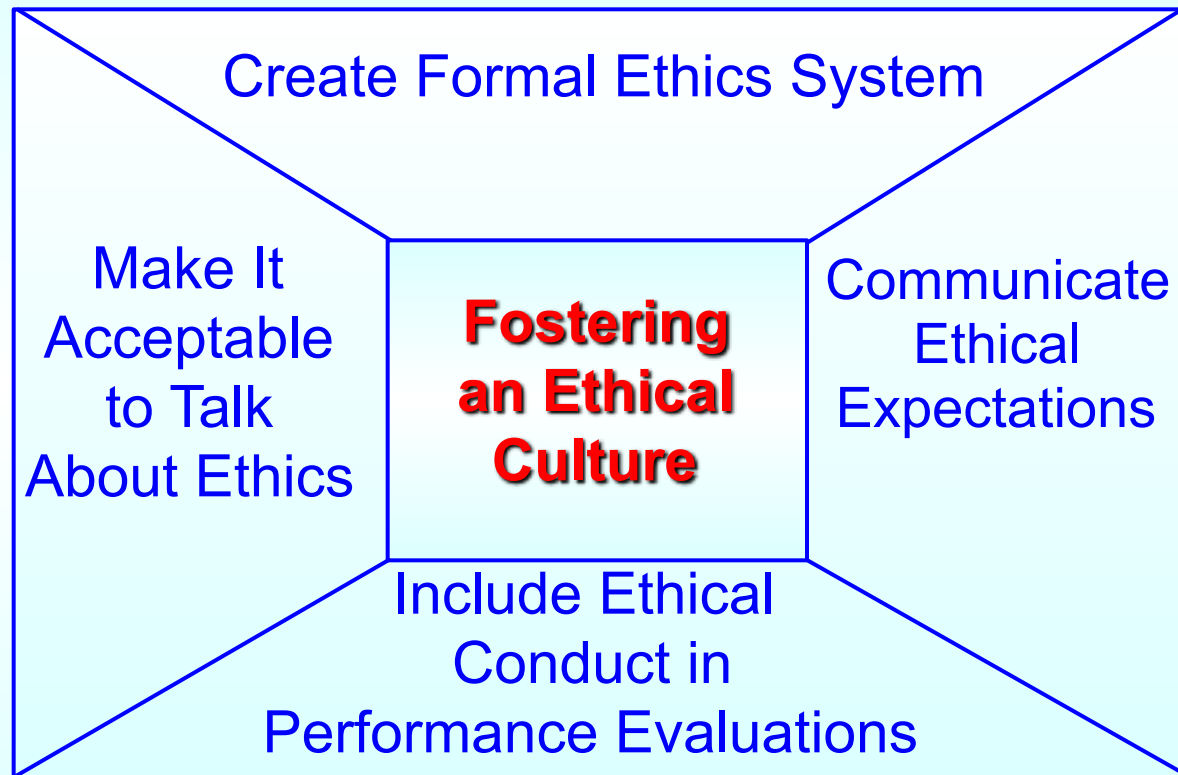
- ✓ **Blowing the whistle about illegal conduct by the employer;**
- ✓ **Reporting Occupational Safety and Health Administration violations**
- ✓ **Filing discrimination charges with the Equal Employment Opportunity Commission or a state or municipal fair employment agency**
- ✓ **Filing unfair labor practice charges with the National Labor Relations Board or a state agency**
- ✓ **Engaging in union activities, provided there is no violence or unlawful behaviour**
- ✓ **Complaining or testifying about violations of equal pay, wage, or hour law**





# 3- Organisational Influences

**A few of the needed actions to foster the creation and day-to-day implementation of an ethical culture include:**





## ❖ 8 Abbreviated Principles in a World Code of Ethics:

- ☐ **Fiduciary Principle**: Act as a fiduciary (representative) for the company and its investors.
- ☐ **Property Principle**: Respect property and the rights of those who own it.
- ☐ **Reliability Principle**: Honour commitments.
- ☐ **Transparency Principle**: Conduct business in a truthful and open manner.





- ☐ **Dignity Principle**: Respect the dignity of all people; protect the health, safety, privacy, and human rights of others.
- ☐ **Fairness Principle**: Engage in free and fair competition, deal with all parties fairly and equitably.
- ☐ **Citizenship Principle**: Act as responsible citizens of the community.
- ☐ **Responsiveness Principle**: Engage with parties who may have legitimate claims and concerns relating to the company's activities.

Source: Adapted from L. Paine, R. Deshpandé, J.D. Margolis, and K.E. Bettcher. Up to code: Does your company's conduct meet world-class standards? *Harvard Business Review*, 2005, 82(2), 122-133.



## 4- Individual Influences

### ❑ Kohlberg's Stages of Moral Development

**F) Universal Principles**

**E) Social Contract**

**D) Law & Order**

**C) Interpersonal**

**B) Instrumental**

**A) Obedience & Punishment**

Childhood —————> Through —————> Adulthood



### **A) Obedience and Punishment Stage:**

- a person does the right thing mainly to avoid punishment or to obtain approval.

### **B) Instrumental Stage:**

- a person becomes aware that others also have needs and begins to defer to them to get what the individual wants.

### **C) Interpersonal Stage:**

- a person considers appropriate behaviours as that which pleases or is approved by friends or family.



#### **D) Law and Order Stage:**

- a person considers proper behaviour as doing one's duty (obligation), showing respect for authority, and maintaining the social order for its own sake; loyalty to the nation and its laws are paramount.

#### **E) Social Contract Stage:**

- a person is aware that people hold a variety of conflicting personal views that go beyond the letter of the law; a “greatest good for the greatest number” emphasis.

#### **F) Universal Principles Stage:**

- a person considers appropriate conduct as determined by a person's conscience, based on universal ethical principles.

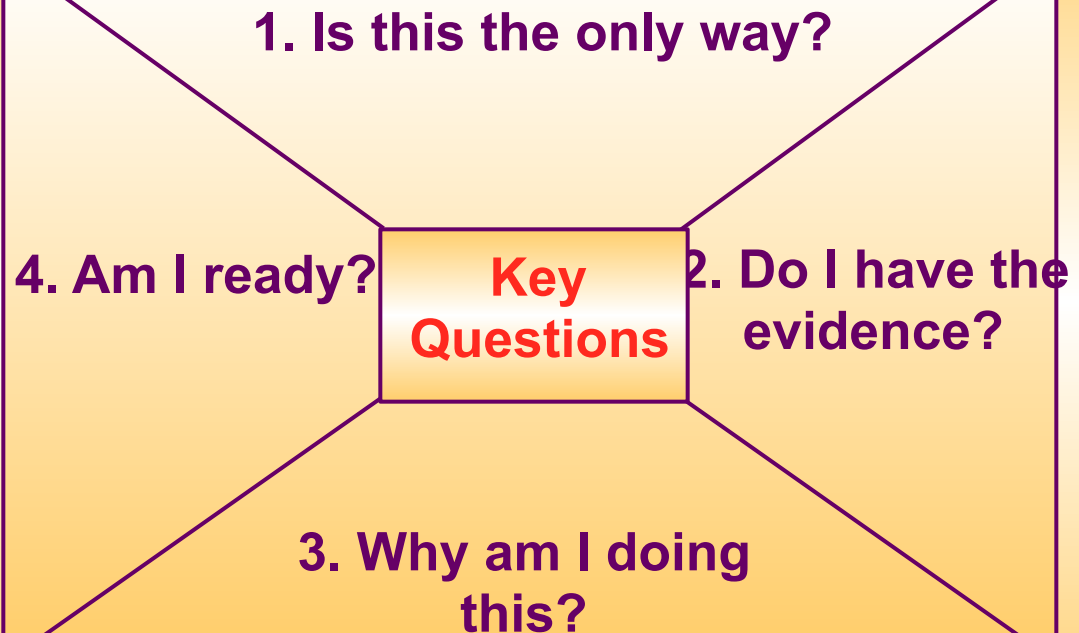


## ➤ Whistle-blowing



**Whistle-blowers:**  
employees who  
report unethical or  
illegal actions by  
their employers to  
other people or  
organizations that  
are capable of  
taking corrective  
action.

### **4 questions to ask before whistle-blowing**





**-3-**

# **THE 3 APPROACHES**



# Making Ethical Judgments:

## A- Utilitarian Approach

- ❑ Focuses on behaviours and their results, not on the motives for such actions.

### ❑ Organisational Goal

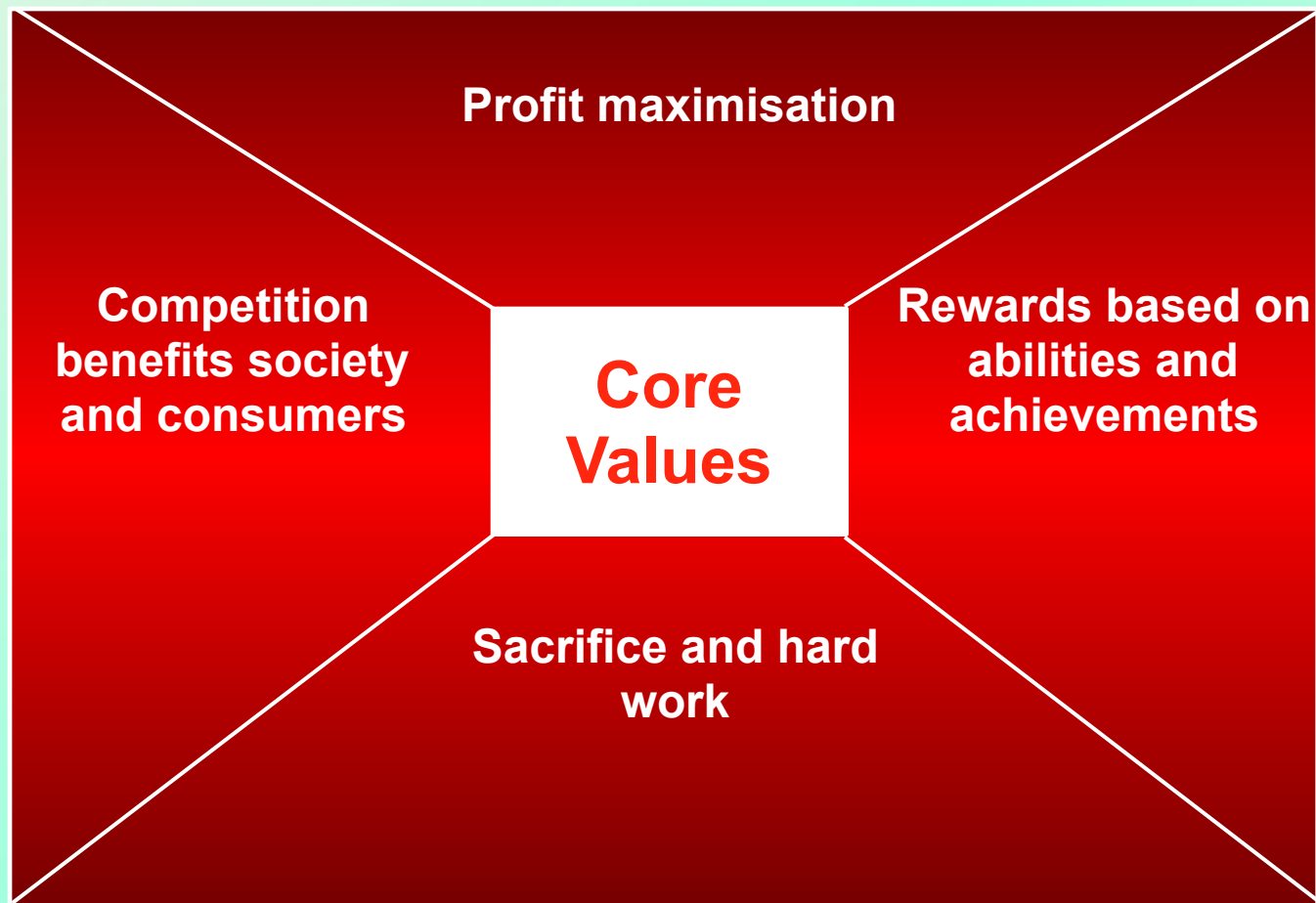
- Primary managerial obligation is to maximise shareholders' profits and their long-term interests.

### ❑ Efficiency

- Obligation is to minimise inputs and maximise outputs.

### ❑ Conflicts of Interest

- Personal interests are not to conflict with achievement of organisational goals.

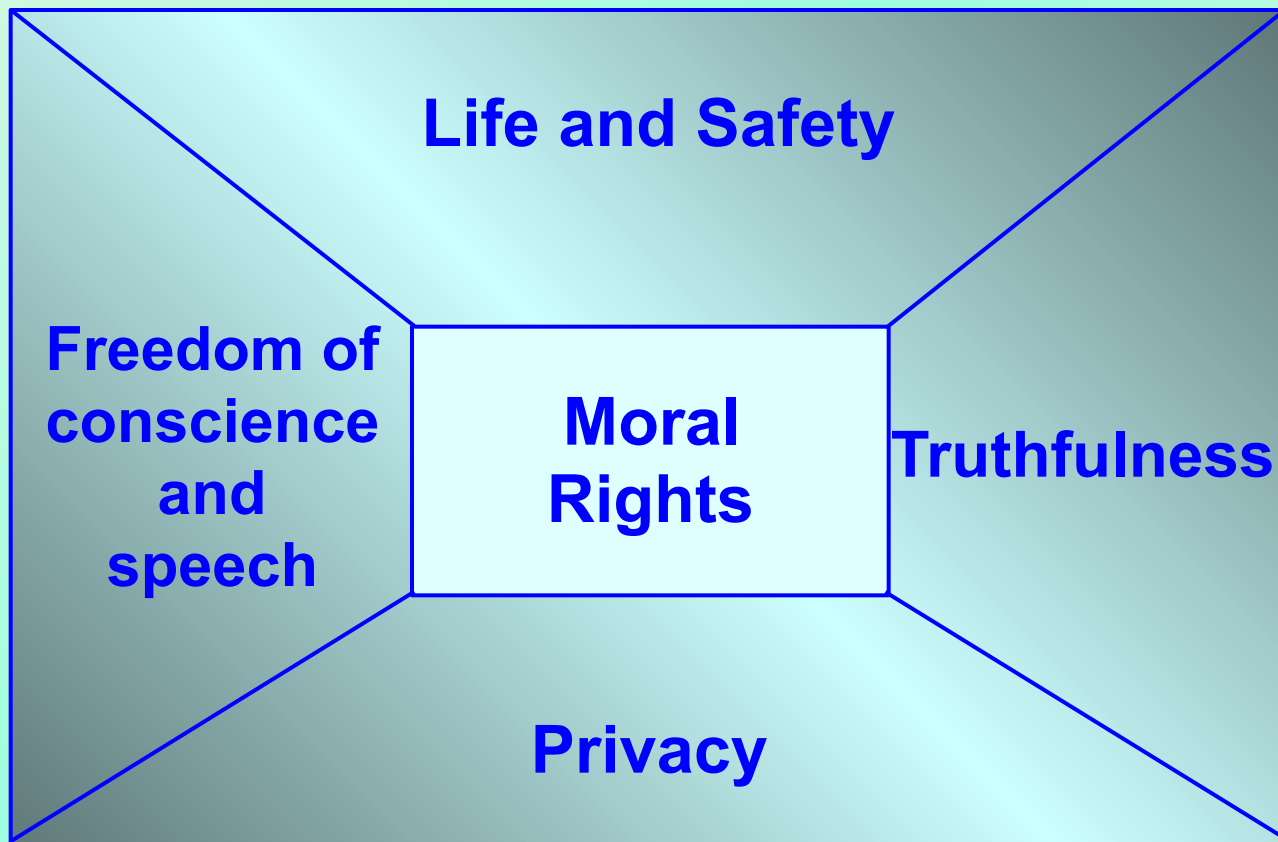






# Making Ethical Judgments: B- Moral Rights Approach

- ❖ Decisions should be consistent with fundamental rights and privileges (e.g., life, freedom, health, and privacy).





# Making Ethical Judgments: C- Justice Approach

- ❖ Decisions and behavior are evaluated with regard to how **equitably** they distribute benefits and costs among individuals and group.

- ❖ **Distributive Justice Principle:**

- Requires that individuals **not be** treated differently on the basis of arbitrarily defined characteristics;
- Individuals who are **similar** in relevant respects should be treated similarly;
- Individuals who differ in relevant respects should **be treated differently in proportion** to the differences among them.



## ❑ Fairness Principle

- Requires employees to support the rules of the organisation as long as the organisation is just (or fair) and employees have voluntarily accepted some benefits or opportunities in order to further their own interests;
- Both the organisation and its employees have obligations and both should accept their responsibilities;
- **Procedural justice:** formal process for investigating grievances and taking remedial actions.



- 4 -

# SOCIAL RESPONSIBILITY



# Stakeholder Social Responsibility

- ❑ Managers and other employees have obligations to identifiable groups that are affected by or can affect the achievement of an organisation's goals.

## ❑ Rationally:

- Enlightened self-interest;
- Sound investment;
- Inference avoidance.



# Examples of Types of Stakeholder Pressures

## ☐ Employees



- Pay and benefits;
- Safety and health;
- Rights at work/global labor standards.

## ☐ Shareholders



- Demands for efficiency/profitability;
- Viability (sustainability);
- Growth of investment.



# Sustainable Development

❖ **Conducting business in a way that protects the natural environment while making economic progress, thus meeting the needs of the present generation without compromising the ability of future generations to meet their own needs.**



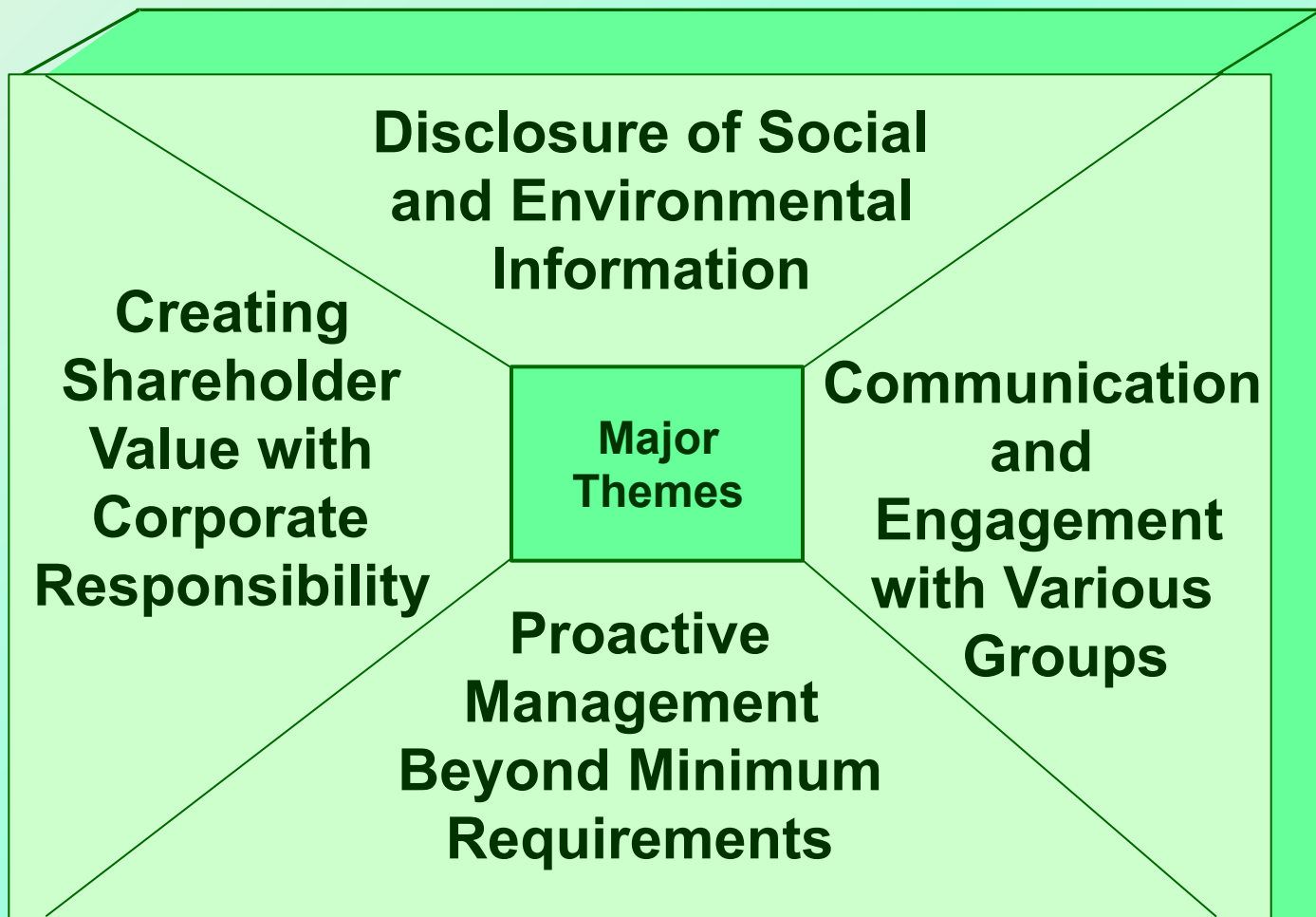
## ❑ Some Components of Sustainable Development and Sustainability:

- Integrated solutions to environmental, social and economic needs;
- Using resources more efficiently and decoupling growth from environmental damage;
- Recognising that decisions and actions taken locally have global impacts;
- Acting now to address sustainable development concerns, many of which will be global and long-term in nature;
- Win-win-win solutions possible, rather than trade-offs between social, environmental and economic issues.





# Evaluating Social Performance





THANK YOU

Quiz  
time

Q & A



Downloaded from  
Creative Commons

License: CC BY 4.0 International



License

Attribution 4.0 International