

ETHICS ASSIGNMENT

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SUBJECT: ETHICS AND VALUES

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HOW TO AVOID ETHICAL COLLAPSE

1. Pressure to maintain numbers.

- Help employees distinguish between superior skill and foresight, versus cheating.
- Confirm that the team members know the core values and the consequences of crossing the ethical boundaries.
- If your team members spot processes or behaviors that they believe could motivate poor behavior, encourage them to speak out.
- Practice ethical leadership by always trying to do the right thing, and by setting a good example for your team.

2. Fear and silence

- The way to avoid fear and silence is to encourage open dialogue, allow anonymous reporting without repercussions, provide swift response and follow-up, have the issues reviewed by the board, hand down appropriate disciplinary actions to wrongdoers, and reward whistleblowers.
- The key to making this work is ensuring that enforcement is absolute, unequivocal, and egalitarian.

3. Young 'uns and a bigger-than-life CEO

- A bigger than life CEO need not spell trouble. Question the icon, and help the inexperienced direct reports.
- Ethics requires daily effort, reinforcement, and training. Without it, you slip, because everyone believes they're ethical, no matter what they're doing.

4. A Weak Board of Directors

- To counterbalance weak boards, management needs "a good mind and a strong backbone." Dig deep into conflicts. Don't fall for governance myths of stock ownership, 10-year limits, mandatory retirement, or nomination by shareholders.

- Instead, pay attention to perks. Know industry accounting standards. And manage by walking around. Employees will talk to you face-to-face. Don't micromanage, but get face-to-face.

5. Culture of conflicts

- There are two ways to handle conflicts of interest. Either don't do it or disclose it.
- The past relationships or activities must be disclosed, and an assessment made that the potential director can recuse himself/herself in any matter related to them and still function as an effective advisor, counselor, and overseer of the organization's management and business processes.

6. Innovation like no other

- Executives need to understand the business history and economic cycles.
- Depend on the basics of business: keep costs low; keep quality high; focus on customer service.
- Dull and certainly not innovative, but quality and the low cost keep the organizations going.

7. Goodness in some areas atones for evil in others

- Remedies for the good/evil balancing act include rethinking the popular notions of social responsibility and business and rethinking company activities, perceptions, and realities.
- Be very skeptical about "doing well by doing good." Instead, companies need to rely on virtue ethics and simplicity: truth, honesty, fairness, and egalitarianism.