Management and Organizational Behavior

Ethical Behavior and Social Responsibility

Management and Organizational Behavior

Global Dimensions of Management
  (continued)

Values and National Cultures
(Hofstede)

- Power distance
- Uncertainty avoidance
- Individualism-collectivism
- Masculinity-femininity
- Time orientation

Understanding Cultural Differences
(Trompenaars)

- Relationships with people:
  - Universalism versus particularism
  - Individualism versus collectivism
  - Neutral versus affective
  - Specific versus diffuse
  - Achievement versus prescription

Understanding Cultural Differences
(Trompenaars)

- Attitudes toward time
  - sequential - linear
  - synchronic views - cyclic

Understanding Cultural Differences
(Trompenaars)

- Attitudes toward time
  - sequential
  - synchronic views
- Attitudes toward environment
  - inner-directed
  - outer-directed cultures

Management Practices and Learning Across Cultures

- Comparative management
  - How management systematically differs among countries and/or cultures
- Global managers
  - Need to apply management functions across international boundaries

Management Practices and Learning Across Cultures

- Planning and controlling:
  - Complexity of international operating environment
  - Political risk
- Organizing and leading:
  - Multinational organization structures
  - Staffing international operations

Are Management Theories Universal?

- U.S. management theories emphasize participation and individual performance
- Japanese management practices
  - Lifetime employment, job rotation and broad career experience, shared information, collective decision-making, and quality emphasis
  - Keiretsu - long-term alliances for attaining common interests

Management Practices and Learning Across Cultures

- Global organizational learning:
  - Companies can and should learn from each other.
  - Caution should be exercised in transferring management practices.
  - Cultural awareness facilitates more informed transfers of management practices.

Management and Organizational Behavior

Global Dimensions of Management (continued)

Management and Organizational Behavior

Ethical Behavior and Social Responsibility

What is ethical behavior?

- Ethics
  - Code of moral principles
  - Set standards of good and bad and right and wrong
- Ethical behavior
  - What is accepted as good and right in the context of the governing moral code

Law, Values, Ethical Behavior

- Ethical behavior should also be legal in a just and fair society.
- Legal behavior is not necessarily ethical behavior.
- Personal values help determine individual ethical behavior.

Different Views of Ethics

- Utilitarian view of ethics - greatest good to the greatest number of people
- Individualism view of ethics - primary commitment is to one's long-term self-interests
- Moral-rights view of ethics - respects the fundamental rights of all people

Different Views of Ethics

Justice view of ethics - fair and impartial treatment of people according to rules and standards

Justice View of Ethics

- Distributive Justice - degree to which outcomes are allocated without respect to individual characteristics
- Procedural Justice - degree to which policies and rules are fairly administered
- Interactional Justice – degree to which others are treated with dignity and respect

What is ethical behavior?

- Cultural issues in ethical behavior:
  – Cultural relativism - Ethical behavior is always determined by cultural context.
  – Ethical imperialism - Behavior that is unacceptable in one's home environment should not be acceptable anywhere else.

How Companies Can Respect Core or Universal Values

- Respect for human dignity
  - Create culture that values employees, customers, and suppliers.
  - Keep a safe workplace.
  - Produce safe products and services.

How Companies Can Respect Core or Universal Values

- Respect for basic rights
  - Protect rights of employees, customers, and communities.
  - Avoid anything that threatens safety, health, education, and living standards.

How Companies Can Respect Core or Universal Values

- Respect for basic rights
  - Protect rights of employees, customers, and communities.
  - Avoid anything that threatens safety, health, education, and living standards.
- Be good citizens
  - Support social institutions, including economic and educational systems.
  - Work with local government and institutions to protect environment.

Ethical Dilemmas

- An ethical dilemma occurs when choices offer potential for personal and/or organizational benefit, but may be considered unethical.
- Ethical dilemmas include:
  - Discrimination
  - Sexual harassment
  - Conflicts of interest
  - Customer confidence
  - Organizational resources

Ethical Dilemmas

- Ethical behavior can be rationalized by convincing yourself that:
  - Behavior is not really illegal.
  - Behavior is really in everyone's best interests.
  - Nobody will ever find out.
  - The organization will "protect" you.

Ethical Dilemmas

- Factors influencing ethical behavior include:
  - The person - Family influences, religious values, personal standards, and personal needs
  - The organization - Supervisory behavior, policy statements and written rules, and peer group norms and behavior
  - The environment - Government laws and regulations, societal norms and values, and competition climate in an industry

Ethical Standards

- Ethics training:
  – Structured programs that help participants to understand ethical aspects of decision making.
  – Helps people incorporate high ethical standards into daily life.
  – Helps people deal with ethical issues under pressure.

Ethical Standards

- Whistleblowers
  – Expose misdeeds of others to
    • Preserve ethical standards
    • Protect against wasteful, harmful, or illegal acts

Ethical Standards

- Laws protecting whistleblowers vary.
- Barriers to whistleblowing include:
  – Strict chain of command
  – Strong work group identities
  – Ambiguous priorities
- Organizational methods for overcoming whistleblowing barriers:
  – Ethics advisors
  – Ethics staff units
  – Moral quality circles

Ethical Standards

- Ethical role models:
  - Top managers serve as ethical role models.
  - All managers can influence the ethical behavior of people who work for and with them.
  - Excessive pressure can foster unethical behavior.
  - Managers should be realistic in setting performance goals for others.

Ethical Standards

- Codes of ethics:
  - Official written guidelines on how to behave in situations susceptible to the creation of ethical dilemmas.
- Areas often covered by codes of ethics:
  - Workforce diversity
  - Bribes and kickbacks
  - Political contributions
  - Honesty of books or records
  - Customer/supplier relationships
  - Confidentiality of corporate information

Ethical Standards

- United Nations' Global Compact guidelines for corporate codes of ethics:
  - Human rights
  - Labor
  - Environment

Social Responsibility

- Organization (corporate) social responsibility:
  - Looks at ethical issues on the organization level.
  - Obligates organizations to act in ways that serve both its own interests and the interests of external stakeholders.

Social Responsibility

- Beliefs that drive organizational social responsibility:
  - People do their best with a balance of work and family life.
  - Organizations perform best in healthy communities.
  - Organizations gain by respecting the natural environment.
  - Organizations must be managed and led for long-term success.
  - Organizations must protect their reputations.

Social Responsibility

- Perspectives on social responsibility:
  - Classical view
    - Management's only responsibility is to maximize profits.
  - Socioeconomic view
    - Management must be concerned for the broader social welfare, not just profits.

Social Responsibility

- Arguments against social responsibility:
  - Reduced business profits
  - Higher business costs
  - Dilution of business purpose
  - Too much social power for business
  - Lack of public accountability

Social Responsibility

- Arguments in favor of social responsibility:
  - Adds long-run profits
  - Better public image
  - Avoids more government regulation
  - Businesses have resources and ethical obligation
  - Better environment
  - Public wants it

Social Responsibility

- Criteria for evaluating corporate social performance:
  - Is the organization's …
    - Economic responsibility met?
    - Legal responsibility met?
    - Ethical responsibility met?
    - Discretionary responsibility met?

Social Responsibility

- Strategies for pursuing social responsibility:
  - Obstructionist—meets economic responsibilities.
  - Defensive—meets economic and legal responsibilities.
  - Accommodative—meets economic, legal, and ethical responsibilities.
  - Proactive—meets economic, legal, ethical, and discretionary responsibilities.

Organizations and Government:
Government Influences Organizations

- Some governmental agencies that monitor compliance with legislative mandates:
  - Federal Aviation Administration (FAA)
  - Environmental Protection Agency (EPA)
  - Occupational Safety and Health Administration (OSHA)
  - Food and Drug Administration (FDA)

Organizations and Government:
Government Influences Organizations

- Common areas of government regulation of business affairs:
  - Occupational safety and health
  - Fair labor practices
  - Consumer protection
  - Environmental protection

Organizations and Government:
Organizations Influence Government

- How organizations influence government—
  - Personal contacts and networks
  - Public relations campaigns
  - Lobbying
  - Political action committees

Organizations and Government:
Organizations Influence Government

- Managers make the difference in ethics and social responsibility because …
  - Managers (and workers) must accept personal responsibility for doing the "right" things.
  - Managers play a crucial role in responding to public demands.
  - Ethics and social responsibility play a central role in managers' decisions and activities.

Ethics Double Check

- Any decision should meet "ethics double check"
  - How would I feel if my family finds out about this decision?
  - How would I feel if this decision were published in the local newspaper?

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Ethical Behavior and Social Responsibility

EXAM 1