
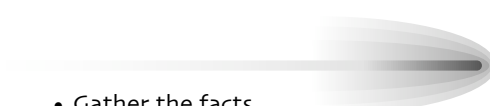


Ensuring Ethical Behavior




MGMT 482
The Environment of Business

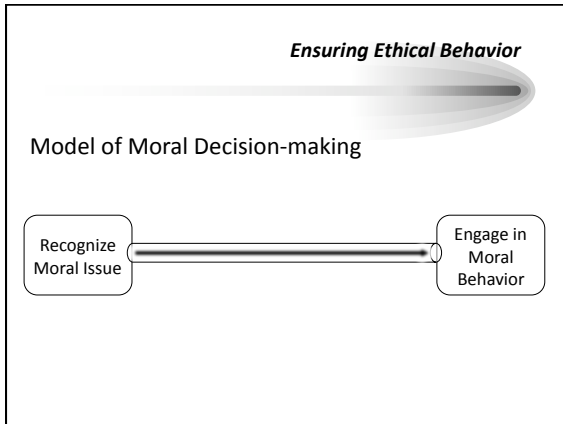


- Gather the facts
- Does the contemplated action:
 - Conform to important principles?
 - Create more good than harm?
 - Lead to fair outcomes?
 - Promote caring relationships?
 - Support personal choice?
 - Encourage virtuous character?
 - Contribute to sustainability?
- Think creatively about potential actions

Ensuring Ethical Behavior



- 5) How reasonable is it to expect that managers can influence the ethical behavior of employees?
If it is not reasonable, then what suggestions (if any) can you offer corporate managers who want to encourage ethical behavior within their organizations?



willful ignorance

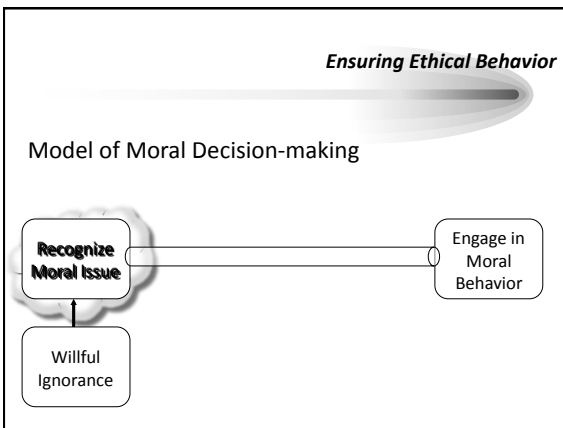
- *The practice or act of intentional and blatant avoidance, disregard or disagreement with facts, empirical evidence and well-founded arguments because they oppose or contradict your own existing personal beliefs.*
– www.urbandictionary.com

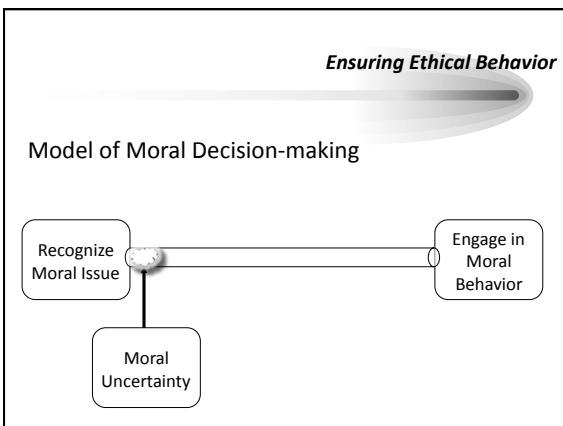
willful ignorance

- *There is an old proverb attributed to the Englishman, John Heywood, in 1546 -- "There are none so blind as those who will not see. The most deluded people are those who choose to ignore what they already know."*


willful ignorance

- *The practice or act of intentional and blatant avoidance, disregard or disagreement with facts, empirical evidence and well-founded arguments because they oppose or contradict your own existing personal beliefs. ...their recognition would impose a moral obligation to act against your self-interest.*

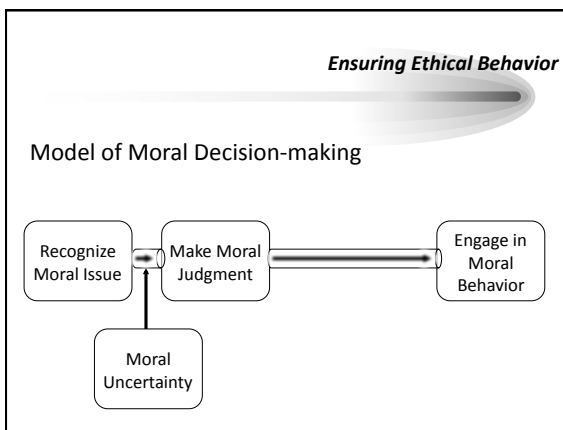


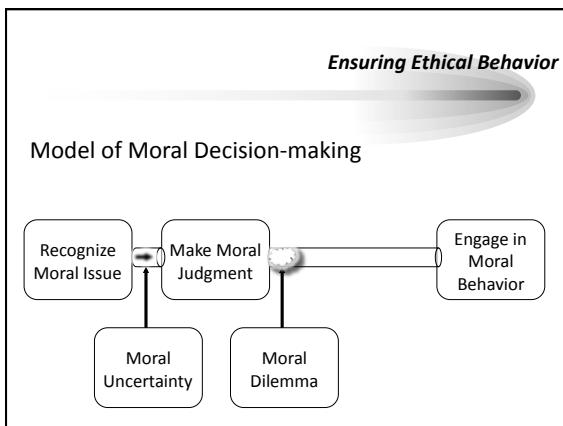


Ensuring Ethical Behavior



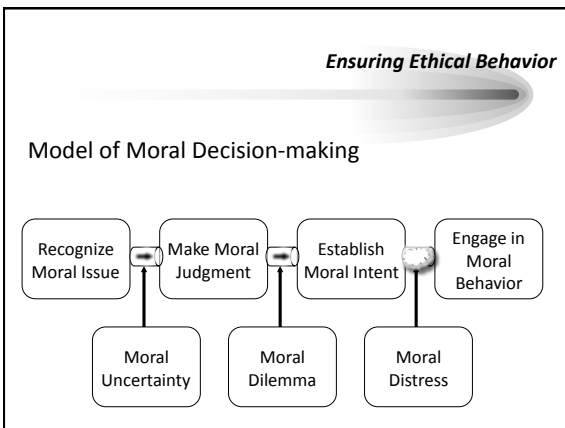
- **Test of moral uncertainty:**
 - consider a time when you felt uncomfortable with having to make a decision—
because you didn't have a clear sense of what was the 'right' thing to do.





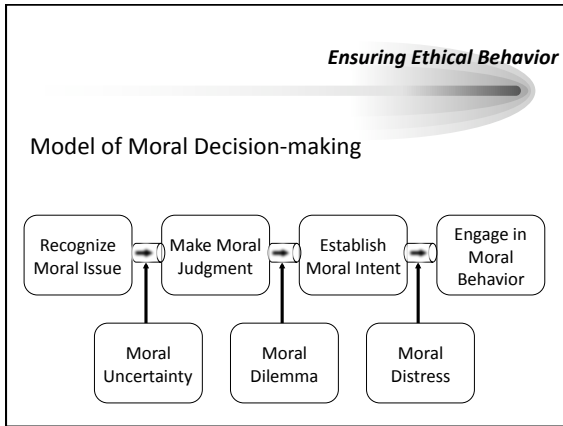
Ensuring Ethical Behavior

- There is a distinct difference between an ethical dilemma and ethical distress...
- **Ethical or moral** distress arises when one is unable to act on one's **ethical** choices, when constraints interfere with acting in the way one believes to be right.



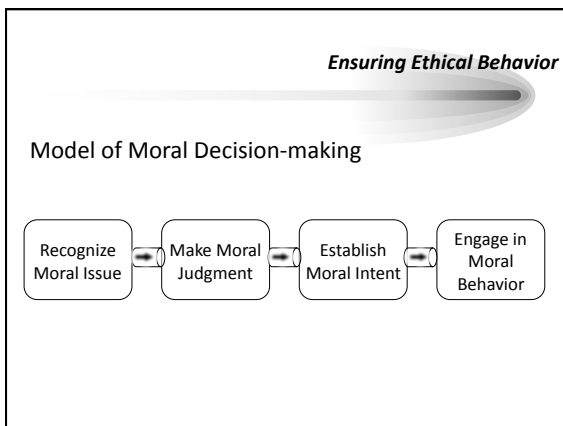
Ensuring Ethical Behavior

- **Test of moral distress:**
 - consider a time when you felt uncomfortable—
with having to implement an organizational decision or policy.




Ensuring Ethical Behavior

- What aspect of this model does the coverage of ethical decision-making best represent?




Ensuring Ethical Behavior




- 2) In order to ensure ethical behavior, one has to be able to:
 - recognize an ethical issue
 - evaluate the ethical issue
 - intend to follow the 'right' course of action
 - follow the 'right' course of action
- What organizational impediments might interfere with this process?

Ensuring Ethical Behavior



- How might these 'organizational impediments' be overcome?

Ensuring Ethical Behavior



- Compliance-based Codes
- vs
- Values-based Codes

Ensuring Ethical Behavior

- **Our Credo**
- We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services...
- We are responsible to our employees, the men and women who work with us throughout the world...
- We are responsible to the communities in which we live and work and to the world community as well...
- Our final responsibility is to our stockholders.


Ensuring Ethical Behavior

- Shared Values Exercise

Ensuring Ethical Behavior

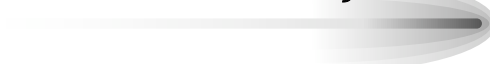
- Make a list of five values you hold to be of great importance

Ensuring Ethical Behavior



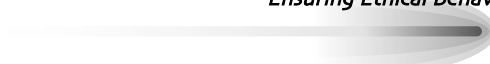
- **val·ue** _ P n.
- A principle, standard, or quality considered worthwhile or desirable

Ensuring Ethical Behavior




- Consolidate your list with the list(s) of other members in your group, eliminating redundancy
 - Eliminate items which are close synonyms

Ensuring Ethical Behavior



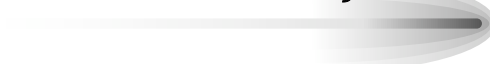
- 'Cull' group list by eliminating all values for which there is not unanimous group consensus
 - Allow for individual veto without requirement for explanation

Ensuring Ethical Behavior



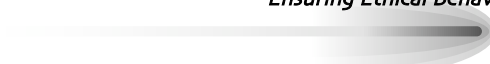
- Transfer final group list to the board at the front of the room
 - Eliminate items which are close synonyms

Ensuring Ethical Behavior




- 'Cull' class list by eliminating all values for which there is not unanimous class consensus
 - Allow for individual veto without requirement for explanation

Ensuring Ethical Behavior



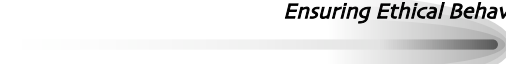
- 6) What influence(s) motivate *you* to be ethical? To be unethical?

Ensuring Ethical Behavior



Model of Motivation (Expectancy Theory)

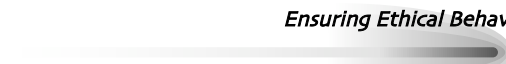
Ensuring Ethical Behavior



Model of Motivation

Motivation =

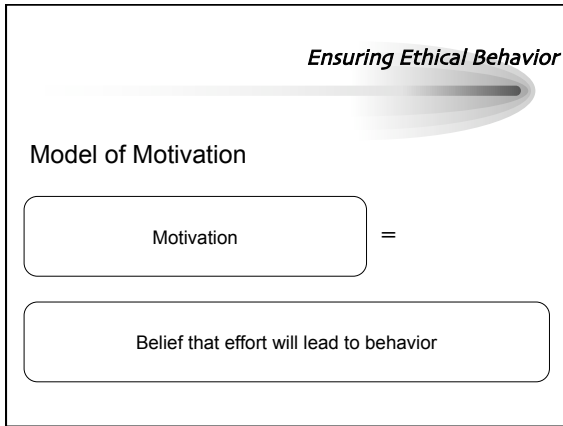
Ensuring Ethical Behavior

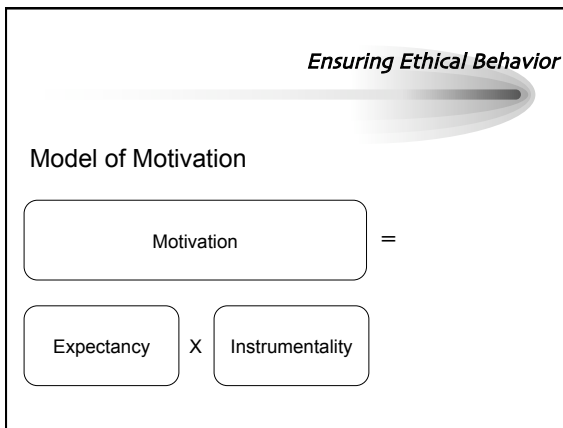


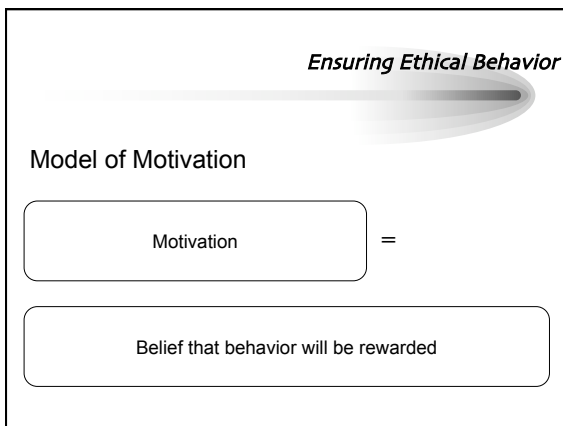
Model of Motivation

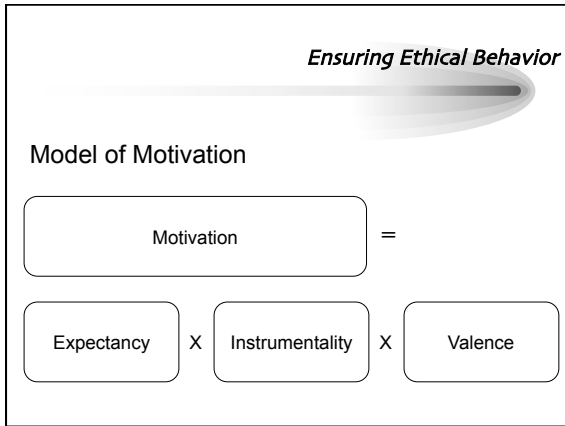
Motivation =

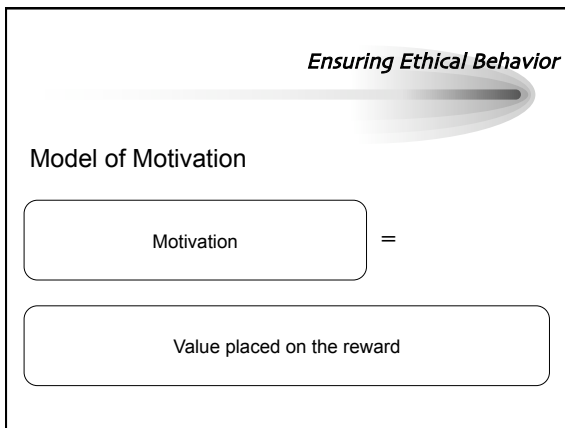
Expectancy

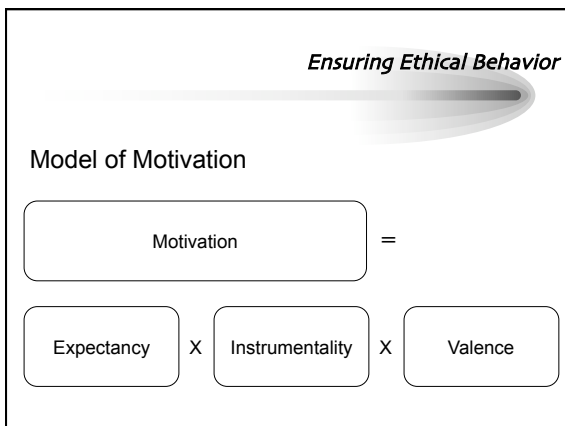














Ensuring Ethical Behavior



- What aspect of the previous model does the coverage of motivation best represent?


Ensuring Ethical Behavior



Model of Moral Decision-making


```
graph LR; A[Recognize Moral Issue] --> B[Make Moral Judgment]; B --> C[Establish Moral Intent]; C --> D[Engage in Moral Behavior]
```

Ensuring Ethical Behavior




- How does this model inform our understanding of why individuals behave unethically?

Ensuring Ethical Behavior



- 3) Suppose that you want to ensure that employees 'do the right thing.' What steps would you take to make certain this happens?

Ensuring Ethical Behavior




- BOARD/SENIOR MANAGEMENT SELECTION
- CODE OF CONDUCT
 - DEVELOPMENT AND IMPLEMENTATION
- TRAINING
 - SPLIT TRAINING FROM ENFORCEMENT
 - RECOGNITION OF ETHICAL DILEMMAS
 - ETHICAL DECISION-MAKING
 - CONSENSUS BUILDING/CONFLICT RESOLUTION
 - SHAPING ORGANIZATIONAL CULTURE
 - GROUP PROCESSES
 - RISK MANAGEMENT
 - INDUSTRY SPECIFIC

Ensuring Ethical Behavior




- TRACKING RESPONSIBILITY
- ENFORCEMENT
 - REPORTING
 - REWARDS/SANCTIONS
- DISSENT
- COMPENSATION STRUCTURE
- PERFORMANCE APPRAISAL
- TERMINATION

Ensuring Ethical Behavior




- What might a principle-based approach 'look like'?

Ensuring Ethical Behavior




- Avoid all appearance of impropriety

Ensuring Ethical Behavior



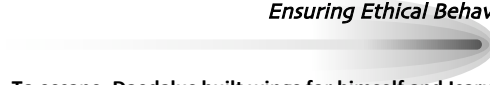
- Do not sacrifice the public good for private gain

Ensuring Ethical Behavior




- Daedelus and Icarus

Ensuring Ethical Behavior



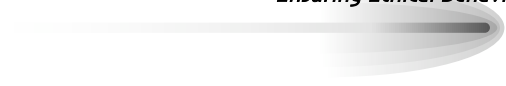
- To escape, Daedalus built wings for himself and Icarus, fashioned with feathers held together with wax. Daedalus warned his son not to fly too close to the sun, as it would melt his wings, and not too close to the sea, as it would dampen them and make it hard to fly.
- They successfully flew from Crete, but Icarus grew exhilarated by the thrill of flying and began getting careless. Flying too close to the sun god Helios, the wax holding together his wings melted from the heat and he fell to his death, drowning in the sea.

Ensuring Ethical Behavior



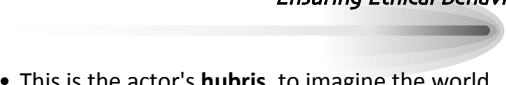
- Operate at all times with humility, never underestimating your capacity for self-deception

Ensuring Ethical Behavior



- Hubris: exaggerated pride or self-confidence
- Greeks called [it] atê: the intoxicating pride and overweening arrogance that sometimes clouds the minds of the strong

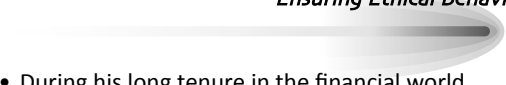
Ensuring Ethical Behavior



- This is the actor's **hubris**, to imagine the world possessed of a single, avid eye fixed solely and always on him.

– John Banville, *Eclipse*


Ensuring Ethical Behavior



- During his long tenure in the financial world, Friedman has watched dozens of his competitors' businesses killed by **hubris** born of success rather than by unsound business decisions or adverse market conditions.

– Lisa Endlich, *Goldman Sachs: The Culture of Success*


Ensuring Ethical Behavior



- The rich man glories in his riches, because he feels that they naturally draw upon him the attention of the world...
- ...he is fonder of his wealth, upon this account, than for all the other advantages it procures him.

– Adam Smith, *The Theory of Moral Sentiments*

Ensuring Ethical Behavior



MGMT 482
The Environment of Business
