Course Learning Outcomes for Unit VII

Upon completion of this unit, students should be able to:

4. Recognize the impact of ethics on shaping an organization.
5. Explore the value of corporate social responsibility.

Reading Assignment

*In order to access the following resource(s), click the link(s) below:*


Unit Lesson

*YouTube Video for Unit VII*

Click [here](http://www.youtube.com/watch?v=examplevideo) to view the video for Unit VII (1m 45s).
Click [here](#) to access a PDF of the video transcript.

Review the article in the Suggested Reading section of this unit by Mintz (2014) on a recent General Motors (GM) automobile recall challenge. This article will also discuss what happened in the 1970s with competitor Ford and problems with its Pinto. If a decision is made to fight lawsuits because it is cheaper than fixing the problem for customers, what have the decision makers revealed about their ethics?

Besides appreciating how important it is to uphold a high level of ethics to serve and protect the public, we may take a more pragmatic approach: Bad news does not get better with age, so a manager must make a move on matters of ethics.

The topic of ethics has received much attention over the centuries, and our focus is the link between ethics and management. The way our English language terms are commonly understood, people develop adherence to specific values that articulate certain principles that approach an ideal person's good conduct (e.g., we will not take unfair advantage of others in purchases or business transactions). The practice of upholding such values is described as our ethics or ethical conduct. The next term also directly applies to managers. Ethical managers strive to be consistent in their application of ethics based on their values, which is described as having integrity. Having a reputation as a manager of integrity, with ethical conduct and high moral values is a status of honor. It is hard to earn but terrifyingly easy to lose. The preciousness of ethics and the delicacy of integrity are why following such a code of honor is coached and mentored early in the careers of military and law enforcement professionals, starting initially at their respective academies or universities (Lawton & Páez, 2014).
Ethics is a vital part of a manager's personal character. Ethics cannot be acquired suddenly, but instead is learned over time with the assistance of higher leaders of authority and mentors, and this learning is best started in childhood or adolescence. A manager must willingly accept learned values and ethics and commit to practice them through integrity. Many individuals succeed in developing respectable ethics, and even brief disappointments after committing breaches of personal integrity can be used for learning. The above relates to the manager and his or her internal dynamics and conduct as an individual, but do ethics work in organizations of people the manager leads?

As experienced employees know, events follow each other “thick and fast” in a workday, and many issues, large and small, emerge. We were taught values, ethics, and ways our world works by parents, guardians, teachers, and role models as we were growing up. As adults, we decide, coordinate, communicate, and act almost instinctively—frequently judging and assessing what we should do in response or as proactive moves to a long string of situations.

Then what is the issue? Why do managers make the wrong choices and violate ethics as public cases so painfully illustrate?

- **Upholding values by doing the ethical thing is often choosing the harder right over the easier wrong.** Doing the right thing is rarely easy. It usually does not appear to be the easiest choice nor the one that sustains self-preservation. Finding a better way to do something is generally a virtue (recall Unit VI discussions on innovation), but part of the manager’s art is perceiving when cutting a corner of a procedure causes harm to the extent that reasonable risk assessment would discourage such a technique. Considering the need to be fair and transparent, acting ethically seems to entail more effort. However, acting ethically requires far less effort than recruiting more people if the present organizational members get discouraged due to poor or inconsiderate management.

- **Ethics also includes efficient conduct, such as communicating to others.** Transformational leadership is not second nature to poor practitioners of leadership, and for some of these less enlightened leaders, the extra work seems hardly worth the effort. Inefficiency on behalf of others may include failures or delays in processing administrative actions, planning inadequate logistic support, or failing to ensure that everyone is informed. Leaders who consistently neglect certain details of management tied to others are not committing criminal acts, such as embezzling. However, such managers are still reflecting poor ethics in terms of what parts of the leadership role they take seriously in their present positions.

Managerial neglect of certain roles, which in changing times society increasingly has made clear is a manager’s responsibility, has included the impact of an organization on its surroundings and people external to the organization. As in other aspects of management, some managers have attended to **corporate social responsibility (CSR)** since early times, paying attention to adverse impacts of the organization on stakeholders (including resident neighbors) and the environment. However, such managers are in the minority. The fact that most historical managers and social groups have not observed CSR, however, is evident from the historical occurrence of social neglect of low income-earning employees and accumulating pollution of the environment. From a systems view, which scientists and environmentalists often look at to understand the earth’s processes, historical organized work has consistently taken resources from the earth or contaminated certain local parts of it.

What does CSR look like in a government or business organization? Eidenskog (2015) explores a few approaches:

- **Re-examine total inputs/outputs.** The ultimate goal should be reaching zero net energy and resource consumption and waste production. The possibility of reaching one or more of these “zero” goals is dependent on the type of organization and the situation. For example, a production plant may not be
able to reach zero consumption of raw materials, but it may be able to go to zero energy consumption if it can produce energy with solar panels or geothermal power.

- **Reset relations with stakeholders.** Neighbors in proximity to an organization’s physical plant gain an appreciation of it both as a source of jobs and as an organization that treats them as stakeholders because they live in an area of common interest. Invitations to community meetings and decisions; efforts to clean past pollution and prevent further introduction of untreated, plant-produced waste into the watershed; and participation in community charitable causes and fun events are examples of ways of changing the traditional relationships between people and organizations and ushering in a new era of harmony. Stakeholders who appreciate a harmonious relationship include suppliers, customers, and local government officials.

- **“Change” management with organizational members.** Only sincere CSR efforts will work, and people internal to the organization will immediately sense hypocrisy when they do not experience the same goodwill extended to outside stakeholders. As managers implement CSR improvements, they must fulfill their parallel responsibilities toward their own people.

Upholding ethics and practicing CSR take significant additional efforts but are necessary parts of the mosaic of management.

**References**


Erhart, D. (2009). *US Army 51968 Charlie Wilcox, USASMDC-ARSTRAT Simulation Center program manager, left, talks with Ben Matthews, project manager, and Cathy Hatchett, security manager, both with GaN Corporation. GaN Corporation was* [Image]. Retrieved from https://commons.wikimedia.org/wiki/File:US_Army_51968_Charlie_Wilcox,_USASMDC-ARSTRAT_Simulation_Center_program_manager,_left,_talks_with_Ben_Matthews,_project_manager_r,_and_Cathy_Hatchett,_security_manager,_both_with_GaN_Corporation._GaN_Corporation_was.jpg


**Suggested Reading**

In the article below, you will read about the ethical decisions General Motors and Ford decided to implement.