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| Ethic and management |
| *Social Responsibility and Business Ethics* |
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# Chapter 1 Introduction

## Introduction

Ethics

Ethics is derivative from the Greek word Ethikos and Ethicus, Latin word. Human beings is a part of the concept of ethics deals with human beings. Ethic it is a social science, it is a part of philosophy and is considered as normative science.

Peter F. Drucker says that ethics deals with the right actions of individuals.

Ethics includes the following:

\* Based norms: Ethics refers to well base norms of good acceptable and unacceptable behaviour that humans ought to do;

\* An ethical norm is study and development.

Managers

The manager plans, direct and monitor the work of a group of individuals. The manager must be familiar with the work of the groups that the manager supervises, but it is more important that the managers know how he has to manage the employees. The manager can change the work or the teams. A manager has to aware the ethics of the company and the manager has to make decision about ethics.

## Ethical management

To create an ethical organization, the organization has to take some steps. Ethical or unethical behaviour of individual employees or groups is influenced in the workplace. This is by their own moral development and the influence that the organization culture exerts on them. They are influenced by a group of forces that surround them such as:

* their peers
* their supervisors
* and superiors
* the reward system
* group norms
* company values
* policies and the manner of their implementation.

Ethical behaviour can be developed and managed in a number of ways. The general role of creating, developing and managing ethical behaviour among employees lies on the human resource (HR) department of the organization. The human resource department of an organization can encourage ethical behaviour through: training, communication and discipline or a combination of these tools. Big organizations which are ethically committed, assign the primary task of managing and monitoring ethical behaviour to HRM department, cause they are managing their personal development of employees and are recruiting new workers. In some other organizations, there may be ethics officers who are entrusted with the responsibility to bring ethics and managed ethics in every department of their organization. Everything should went as ethical as possible.

Structure of ethics management

Every employee who is entrusted to manage ethics in an organization should prepare an ethical programme, which should include the following eight elements:

1. Formal code of conduct

2. Ethics committee

3. Ethical communication

4. An Ethic office with Ethical officers

5. Ethics Training Programme

6. A disciplinary system

7. Establishing an ombudsperson.

8. Monitoring

1. Code of conduct

Organizations that implement ethical behaviour at their workplaces have started the process with developing and implementing codes of conduct for their employees. Codes of conduct are statements of the values. It consist of three elements; a code of ethics; a code of conduct and statement of values.

A code of conduct is a written document, inspirational in contents and specifies clearly what is acceptable or unacceptable behaviour at workplace and beyond, when the employees represent their organizations outside. In general the code should reflect the managements desire to incorporate the values and policies of the organization

Code of Ethics

A new business must adopt a code of ethics for the business. Unwritten business codes are common at small businesses, sometimes they are not discussed or decided upon. Larger businesses often have written codes of ethics and employees are twined in them and required to adhere to the code. It usually specifies methods for reporting violations, disciplinary action for violations and a structure of the due process to be followed. A code of ethics summarizes the beliefs and values of the organization. Those beliefs and values should become internalized by all employees and used regularly in all business practices. When customers become aware that a business does not have high ethical ideals, they will take their product/service from somewhere else.

Codes of ethics vary among businesses and countries. When business grows large enough to expand its operations into other countries, it is good to hire a person that assist in training existing personnel with regard to the integrity, understanding, responsibility and cultural norms of the country where the new operation is located. All employees must be treated equally, and any issues of inequality must be dealt with quickly, fairly, and in a manner that is satisfactory to all.

The codes of ethics are important for the seven principles of accepted business. The seven principles are: welfare, duty, rights, fairness, honesty, dignity and integrity. The principles are the framework for ethical reason and show the whole of business ethics. More than ever before, consumers pay a great deal of attention to corporate

Governance and proper behaviour of businesses and their owners. A code of ethics that is both defines and acted upon is part of the business culture of every successful business.

2. Ethics committee

An committee of ethics is formed in many organizations. These committees are concerned with- and can rise concerns about; prepare or update code of conduct, ethical nature and noticing and resolving ethical dilemmas in organizations. These ethical committees will formulate ethical policies and develop ethical standards. This will give an organization a good standard. After the committee evaluates the compliance of the organization with these ethical norms.

*Selection*

Employees who will be selected for the ethical committee should be people who have knowledge in their industry, the ethical code that comes with it and the community standards.

The members of the ethical committee should be selected from those persons who have knowledge in their industry, their code of ethics and community standards. The committee members should also be well known with the corporate culture and ethical concise of the organization.

3. Ethical communication system

The following step is to establish a communication system for effective ethical communication. It is very important for the success of the ethical programme. Employees should easily get advice when asked or needed, or to report wrongdoing.

Communication is a necessary tool to educate and make employees aware of the organizations ethical standards and polices. It should have the following objectives:

\* Communicating the values and standards of the organizations of ethical conduct to  
 the employees.

\* to provide information to the employees and procedure regarding ethical conduct of  
 business.

\* to help employees to get guidance and resolve questions regarding compliance  
 with the firms standards of conducts and values

Besides these means of communication there are some other ways that can be used. The top management of a company can communicate the ethical standards to the mid-management and they can bring it further to the lower and operational. But when information about something important as ethical standards is, quality of the information should stay the same when it goes through so many people. For example an organization can also publish an intern newsletter that everybody can read or during meetings. There are certain ways to communicate the ethical standard an polices of an organization.

4. Ethics office and officers

Establish to communication and implementation ethics policies among the workers and the organizations are doing by ethics. The ethics officer should develop a reputation for credibility, integrity, honesty and responsibility through establishment of such ethics monitoring bodies. The ethics officers are responsible for assessing the needs and risks. They have to develop and distribute a code of conduct of ethics, conduct an ethical training programme, establish and maintain a confidential service, monitor and audit ethical conduct, take action on violations, review and update the code.

5. Ethics Training Programme

A training for employees is necessary to ensure a good ethical behaviour in the organization, and it is possible with a ethical training program. Offer assistance to employees to understand the ethical issues that are likely to arise in their work place is the main objective of the training program. When new employees are to be recruited, the induction training should be arranged for them. It helps to get familiar with the ethical code of the company. It is easier for employees to understand the company's policies and expectations, important and relevant rules.

6. Disciplinary system

The code of conduct of ethical behaviour should be applied correctly and properly in the organization to achieve the objectives around ethical standards. It is necessary to establish a disciplinary system or code. This should say how to deal with ethical violations. If unethical behaviour is not propaly dealt with, it witll threat the entire system. “Cause when he isn’t it doing, why should I do it?“ The company should threat every employee the same without judgement until it has been proven.

7. Establishing an ombudsperson

The responsibility of the ombudsperson is to help the coordinate development of the policies and procedures to institutionalize moral values. The person resolves ethical dilemmas.

8. Monitoring

To become a successful ethical, an effective monitoring committee is to be formed. Control can be done by ethics officers, internal audits, surveys, investigations and supporting systems.

## Advantages

There are advantages of managing ethics. In the following sentences there are the advantages with some extra information about the advantages.

*Society is improved by significant*

Application of business ethics helps to avoid many wrong people from the society. The application is included price fixing, harassment of employees, child labour and poverty of employees.

*Improved productivity and better teamwork*

Ethics helps to tune employee behaviour in according with the values that leaders of the organization prefer. It improves the openness, integrity and a sense of oneness among all. Employees feel strong alignment between their values and those of the organization, employees are motivated and shows it in their performance.

*Support growth of employee*

Employees see the reality. They see the good and bad things of the organization of the organization and themselves. The confidence will grow and they knows better how to handle.

*Insurance policy*

If the company handles out of ethics than they handle (mostly) legal. Ethical programs help to ensure that policies are legal. Ethical principles are often

applied to current, ethical issues and become legislation. It is important to ensure ethical treatment of employees.

*Avoid Penal action*

Issues and violations can identify earlier because of the ethical programs.

*Good for diversity management, quality management and strategic planning*

Values come back in the strategic planning. Ethics effort can be aligned with values, including quality management, strategic planning and diversity management.

## Ethical decision making

Decision making of ethics can be really difficult. Sometimes it is hard to decide what is right and what is wrong. People can have a different meaning about it. In this cases it is good to use the ethical reasoning. Ethical reasoning is a intellectual procedure to justify ethical judgement. There are seven principles, called before, welfare, duty, rights, fairness, honesty, dignity and integrity.

On Internet there are special steps that a managers can take for ethical decision making. An example of Santa Clare University:

*Recognize an Ethical Issue*

1. Could this decision or situation be damaging to someone or to some group?   
Does this decision involve a choice between a good and bad alternative, or perhaps between two “goods” or between two “bads”?

2. Is this issue about more than what is legal or what is most efficient? If so, how?

*Get the Facts*

3. What are the relevant facts of the case?

What facts are not known?   
Can I learn more about the situation? Do I know enough to make a decision?

4. What individuals and groups have an important stake in the outcome?   
Are some concerns more important? Why?

5. What are the options for acting? Have all the relevant persons and groups been consulted?   
Have I identified creative options?

*Evaluate Alternative Actions*

6. Evaluate the options by asking the following questions:

Which option will produce the most good and do the least harm? (The Utilitarian Approach)

Which option best respects the rights of all who have a stake? (The Rights Approach)

Which option treats people equally or proportionately? (The Justice Approach)

Which option best serves the community as a whole, not just some members? (The Common Good Approach)

Which option leads me to act as the sort of person I want to be? (The Virtue Approach)

*Make a Decision and Test It*

7. Considering all these approaches, which option best addresses the situation?

8. If I told someone I respect—or told a television audience—which option I have chosen, what would they say?

*Act and Reflect on the Outcome*

9. How can my decision be implemented with the greatest care and attention to the concerns of all stakeholders?

10. How did my decision turn out and what have I learned from this specific situation?[[1]](#footnote-1)

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