Designing Work Organization
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Lecture-30
Ethical values and Social Responsibility

In this particular session, we will talk about the ethical values and the social responsibility and there is, we will discussing about the sources of the individual and ethical principles, managerial ethics, relationship between the ethical standards and the legal requirements, corporate social responsibility, does it pay to be good, or how managers shape culture and ethic, characteristics of the values and the base leader, formal structure and systems, then as usual the case study, research paper, book recommendations, and references are there. So, successful people have a social responsibility to make the world a better place and not just take from it is there. So, therefore, in that case too, it is the successful people they take their own responsibility that is to make this place a better place and not just to take from this particular responsibility for the just receiving end, but taking responsibility at the giving end also. So, of the values that make up an organization culture, ethical values are the new considered among the most important have gained renewed emphasis in today's era of financial scandals and moral lapses are there. A study of the business news related to the 100, largest US corporations found that a whopping 40 percent of them have recently been involved into an activities that can be considered unethical. A lot of corporate managers are under scrutiny from the public as never before and even the small companies are finding a need to be put more emphasis on ethics to restore trust among their   customers   and   the   community   is   there.

 Ethics refers to the code of moral principles and values that governs the behavior of a person or a group with respect to what is right or wrong. Ethical values set standards as to what is good or bad in the conduct and the decision-making. Ethics are personal and unique to each individual although in every given group, organization or society there are many areas of the consensus about what constitutes ethical behavior. Each person is a creation   of   his   or   her   time   and   place   in   history.

 So, national culture, religious heritage, historical background and so forth lead to the development of societal morality or the society's view of what is right and wrong. Societal morality is often reflected in norms of behavior and values about what makes sense for as orderly society. Some principles are codified into the laws and regulations such as the laws against drunk driving robbery or murder is there. These laws as well as

societal norms and values shape the local government within which each individuals act such as a person's community, family and place of work. Individuals absorb the beliefs and values of their family, community, culture, society, religious, community and geographic environment, typically discarding the some and incorporating the others into their own personal ethical standards.

Each person's ethical stance is thus a blending of his or her historical, cultural, societal and the family background and the influences are there. In organization, an individual's ethics stance may be affected by peers, subordinates and supervisors as well as by the organizational culture. Organizational culture often has a profound influence on individual choice and can support and encourage ethical actions as a promote unethical and socially irresponsible behavior. So, when we talk about the managerial ethics, many of the recent scandals in the news have there dealt with the people and the corporations and that broke the law. Tyson foods executives on the hot seat for the allegedly authorizing the payment of the bribes in Mexico for instance, which is a violation of US law.

But it is important to remember that ethical decisions go for the beyond the behaviors governed by the law. The rule of the law arises from a set of codified principles and regulations that describe how people are required to act. They are generally accepted by the society and that are enforceable into the courts. Ethical standards for the most part apply to behavior not covered by the law and the rule of the law applies to behaviors and necessary covered by the ethical standards. The relationship between the ethical standards and legal requirement is there and this relationship shows between the law and ethics is that is law and ethics are the overlapping.

So, managers make choices every day about whether to be honest or deficit with the customers and the suppliers, treat employees with respect or the decision and to be a good or a harmful corporate citizen. Some issues are exceedingly difficult to resolve and often represent the ethical dilemma. An ethical dilemma arises in a situation that is concerning right and wrong in which values are in conflict. Right or wrong cannot be clearly identified in such situations. For a salesperson at the beauty supply store for example, the value conflict is between being the honest and the customers and the adhering to be the boss expectations.

The ethical dilemma are not easy to resolve, but top executives can process by establishing organizational values that give people guidelines for making the best decision from a moral standpoint. The notion of corporate social responsibility is an extension of the idea of management ethics and refers to the management's obligation to make choices and take action so that the organization contributes to the welfare and

interest of the organizational stakeholders. Such is the employee, customers, shareholders, the community and the broader society. 90 percent of the companies surveyed by the McKinsey and Company said that they were doing more than they were five years. Earlier to incorporate social responsibility issues into their core strategies.

  CSR was once seen as a purview of small companies like the Patagonia or the Body Shop, but it has moved firmly into the mainstream of organizational thinking and behavior. PepsiCo made a commitment to voluntarily remove high-calorie sweetened drinks from the schools is more than the 200 countries by the 2012. Does it paid to be a good? Why are so many companies embracing CSR? So for one thing, employee, customers, investors and other stakeholders are increasingly demanding that the corporations behave in the socially responsible ways. People are paying closer attention than ever before to what organizations do and the managers recognize that being a good corporate citizen can enhance their firm's reputation and even in a profitability. In the Middle East, 75 percent of leaders surveyed believe CSR helps to attract new investment, increase   the   market   share   and   they   gain   new   markets.

  The customers are more willing to give a company the benefit of the doubt when it has a solid CSR reputation rather than automatically accepting their negative reports are true. The relationship of an organization's ethics and social responsibility to its performance concerns both managers and organization scholars. Studies have provided weighing results, but generally have found that there is a positive relationship between ethical and socially responsible behavior and the financial results. For example, one study of the financial performance of the large US corporation that are considered best corporate citizens found that they have both the superior reputations and the superior financial performance. Long term organizational success rely largely on social capital, which means the companies need to build a reputation for honesty, fairness and doing the right things.

  There is evidence that the people prefer to work for companies that demonstrate a high level of ethical behavior and the corporate social responsibility. So, these companies can attract and retain high quality employees are there. So, how managers shape culture and ethics? In a study of the ethics policy practices in successful ethical companies such as the Johnson and Johnson and the General Mills, no point emerged more clearly than the role of the manager providing the commitment, leadership and example for the ethical behavior. The CEO and other top managers must be committed to the specific ethical values and provide the constant leadership in the renewing the values. Values can be communicated in a number of phases, speeches, company publications, policy statement and   especially   the   personal   actions.

People follow and model what they are managers doing it, managers lie and bend the rules. So well employees, top leaders are responsible for the creating and sustaining a culture and it emphasizes the importance of ethical behavior for the every employee. So, employees are often influenced most by the managers and the supervisors they work with closely rather than by the distant top leaders are there. The following sections examines how managers signals and implement values through leadership as well as the through the formal systems of the organization. So, value based leadership that we will see.

So, the underlying the value system of an organization cannot be managed in the traditional way. So, issuing an authority directive for example, has little or no impact on an organization's value system. So, organizational values are developed and strengthened primarily through the values based leadership. A relationship between a leader and the followers based on shared strongly internalized values that are the acted upon by the leader. The General Norman Shaw once said leadership is a combination of the   strategy   and   character.

If you must be without one, be without the strategy. And the following figure outlines some of the characteristics that define the value based leaders are there. Now, I would like to explain about the characteristics of the value based leaders are there. So, first and foremost is that is the interpersonal behaviors. So, that people with the care be helpful and   the   kind   support.

So, therefore, in that first and foremost is there that is whenever you are interacting with the others, you are taking care of the other person's concern. So, this will be called that is treat people with the care is there. Now, be helpful and the kind always try to be helpful and kind to the other persons. So, that therefore, in that case you find that is the you are becoming the known for that anytime there whenever the employees need any help, they will recall your name. So, you know that that is the whenever one person is into the problem and immediately some names comes in mind that these are the persons those who can help him and therefore, in that case, the managers that is interpersonal relationship should be so strong that is the when employees are having any emergency immediately in their mind comes the name first of the manager's name.

So, that person will help us then they maintain the positive relationships are there. Now, you see whenever we are working into a given situation. So, there are so many constraints, the personal constraints, professional constraints, resources constraints right and now the question arises when you want them to maintain a positive relationship what you do? I am sure that is the you become more creative and you try to identify that is how this particular need can be satisfied of this particular person right. I would like to

give one example that is here it is becoming very important that is the whenever you are conducting or helping somebody every time you cannot give the money from your own pocket. So, what is the way? So, we are with the students community, we have to conduct the number of activities, we have to identify that is the how and who can industries those who can sponsor this particular event and then by making the association partnership and then for the not for the self-interest, but for the interest of the students, we   conduct   those   particular   activity.

  Here is the that when you want to make a positive relationship interpersonal behaviour is there, my submission is this that every time you need not to spend the resources from your own pocket in the society there are the other stakeholders also those who can support you to maintain this particular the relationship between like example industry and academia, government also helps right. So, government of India has taken a number of initiatives to help these start-up people. So, therefore, in that case you will find that is the but what is required is motivation, willingness is required. So, in interpersonal behaviours the value based leaders what they do, they do not make the shortcuts, they formally and officially manage the resources that what that I want to communicate. Personal   actions   and   the   expectations   are   there.

  So hold self to high ethical standards, first and foremost is this that is the leader, the manager, he should be able to be ethical as much as possible, because if he is not creating that the practices ethical practices, he cannot ask others to follow the practices. So, please understand that is the our lifestyle, we should be the role model for the other employees that is to be the ethical based interactions are there, standards are there right, strive for the honesty is there. Now when you are having the very high national spirit right, when you have high the ethical spirit then definitely in that case you will not be dishonest right. However, it will depend on the your surroundings also, but at least you can escape from that particular part or role and to be dishonest and then you will be remaining honest is there, because the if the organization practically is not that encouraging, then in that case at least you can be the side part of in that organization is there, but for yourself you have to decide that is the I will strive for the honesty is there. Another important aspect in the personal actions are and that is about the humility.

  So, more humility you will have the better will be the your relationships will be there with the other persons are there. Now when we talk about the honesty and integrity, so therefore in that case the people surrounding to you will be also those people, those who want to give the 100 percent commitment to the society, whether it is organization or personal is concerned. And the responsibility for the ethical failing is there. Sometimes we find that is unknowingly, unknowingly we have failed to fulfill that ethical responsibility, it might be brought into the notice by our colleagues, the superior, internal

stakeholders, external stakeholders maybe. So, but then in that case we have to accept oh this thing has been gone wrong and now we can take the corrective action, whatever the best possible corrective action is there that can be taken because done cannot be undone.

The fairness with others are concerned, the everyone equality. Now the perception, perception depends on so many factors, and once you perceive then your actions are carried out by that particular perception. So, but there are the shortcuts in judging others. Stephen P. Robbins book is given this thing that is the one is the hello effect, hello effect is person is liked or disliked because of the one character and for example, he is from my country, he is from my region, he is from my caste and like this.

So, therefore, that hello effect, so here we have to avoid that shortcuts in judging others. Do not judge others because of the single characteristics, right. So some people they judge on the basis of similarity, some people this judge on the contrast, so what I cannot do, he can do, so therefore, I like him. So, this is also a shortcuts in judging others are there. So we should avoid the shortcuts in judging others and we should try to be have the equitably everyone has to be the equal is to be there.

Never be condensing the and they accept others mistakes is there, nobody is perfect in this one. So, everybody is having these strengths and weaknesses dear friends, so that we have to understand but sometimes yes, I agree with you, that is sometimes we find that is the person is having the strength, but he is not putting in action. If you remember that is my previous session, the knowledge creation and knowledge application. So the organization may be having a very strong knowledge workers, but if there is no application, there will be no result, organization will not be creative. Similarly here, therefore, when there are the other persons are having their strengths or they are having them weaknesses, the leader should help them to identify their strengths and their weaknesses and strength are to be used and the weaknesses are to be improved, right and we find difficulty sometimes that is the people are knowing by their own weaknesses, they are not trying to improve those weaknesses and therefore, in that case, they both the sides, willingness and motivation is required.

Organizational leadership is there, so articulate and the communicate ethical vision is there. So therefore, in that case, the culture when the employee enters in the organization, he understand that is what is the culture is there and in the case of that culture you will find that is a person will be able to find out whether he is doing good or he is not doing as per the expectation or the ethical practices needed by the organization. So hold the people accountable for that and then the put ethics about the short term interest is there. So here we will find that is the, it is a role and responsibility of the organization. So if

the organization is able to create that role and responsibility, then definitely in that case it will be there.

So these are the certain the points which I have discussed in those particular slide that is you can go through these particular, these slides because these slides are the having this that particular explanation, that particular slide was having the explanation of the diagram which already I have explained in detail. Now, we will talk about the formal structure and systems and therefore, their organizational practices. So, this structure, the designing of the structure, ethical values to SPD position is there. One example is an ethics committee, which is a cross functional group of the executives who oversee the company ethics and by operating top level executives to serve as the committee members, the organization gives the signals that the importance of ethics is there. So they are the people, those who are working on this particular ethics are there.

Today many organizations are setting up ethics department that manage and coordinate the all corporate ethic activities. Ethics offices sometimes also work as a counseling centers and the focus is on much onto helping employees make the right decisions. Most ethics offices have been confidential and the ethics, the hottiness can use to seek the guidance as well as the report the questionable behavior is there. So, disclosure mechanism is also there. A confidential that is the hotline is also an important mechanism for the employees to wise concerns about the ethical practices are there.

So, holding organizations accountable depends to some degree on individual who are the willing to speak up if they suspect illegal, dangerous or the unethical activities are there. So, which following the many, many practices for example, the whistle flowing involves employees disclosure of the illegal, immoral or the illegitimate practices on the part of the organization. And ethical problems in the corporate world increase many, many companies are looking for the ways to protect whistleblowers. In addition, calls are increasing for stronger legal protection for those who report illegal or unethical business activities are there. When there are the no proactive measures whistleblowers suffer and the company may continue to unethical although illegal practices are there.

For example, Matthew Lee, a former senior vice president in the Lehman Brothers accounting division lost his job just after he raised the concern about how the firm was holding the risk by temporary parking dollar 50 billion in the risky loan assets of the balance sheet. Then the Lawrence McDonald, a former Lehman trader who has written a book about the giant firms collapse says Lehman routinely sacked or sidelined whistleblowers which allowed the company to continue its risky and unethical behaviour. So, many government including the United States and the Japan have passed laws aimed at protecting the whistleblowers, but that does not enough. So, enlighten the managers

the strive to create an organization climate and culture in which the people feel free to point out problem and managers take the swift action to address the concern about unethical or the legal activities. So, code of ethics are to be there a formal statement of the company's values and concerning ethics and social responsibility.

So, it clarifies to employees what the company stands for and it is the expectations for the employee conduct is there. So, code of ethics is the Lockheed Martin for example, states that the organization's aims to set the standard for ethical conduct through adhering to the values of honesty, integrity and the code of ethics may cover a broad range of the issues including the statements of the country, companies including values, guidelines, rise to issue such as workplace safety, the security of property, information of employee privacy and the compliments to the environment is there. Now, the organizations can conduct the training programs to ensure thus ethical issues are considered in many decision making, many companies supplements a written code of ethics and the employees training programs are there. All these Texas instruments employees go through the in 8 hour ethics training course that includes the case examples giving people a chance to whistle and the ethical dilemma that is in addition the TI corporations are ethical components in the training courses offered. Some training programs are included into these are include the framework for ethical decision making.

So, learning these frameworks helps employees of the autonomy and still they think they through difficult decisions. So, in a few companies the managers are also taught about these stages of moral development which helps to bring them to the high level of ethical decision making is there. This is the case study of the Harikishan experts that you can refer that is the how this company which has taken in the world diamond processing is there and how it has been taken that human resource management, it has key practices, equipment and selection then they are giving the training and development so that the specific training programs are organized and the employee engagement that has been increased and the employees trust is created and formed by the very important aspect of the program and where the employee are the having the trust with the each other into the this particular program is there. Now, these one of the most dispersion program that the company organized was in the annual yoga camp and this was just keeping in mind the belief of this the Dholkesh brothers that the physical and mental well being of all the employees was important as this would contribute towards enhancing productivity for the company. So, these camps like the yoga camps were open for the employees as well as their families.

Employees who attended the camp were rewarded with a 20 percent boost in their salary. So, employees at HK were the strictly prohibited from the counseling, Topeko. So

therefore, in that case, this stopping the consuming of the Topeko like this type of the practices have been started. In case any employees suffered from the addiction and they were offered a counseling and the company even paid for the treatment at rehabilitation centers whenever there it was necessary. So, however, in spite of these the employees addiction persisted the employees was discharged to his duties.

So, HKE valued not only the employees but even their families particularly the elderly parents when in why every time he has the parents of this staff members are invited on a pilgrimage and the sports and the game facilities were provided for the after hours used by the employees are there. So, children were not only provided books for their education but an annual nation allowance of around Rs 10,000 was also provided for them. So, although the average salary of the HKE employees was in line with the industry standards what said the organization apart from others was it is advanced employee engagement program which they have introduced. So, the employees were the considered to be the most important assets of the organizations therefore, fair policies and practices were instituted. Employees were provided with the plenty of growth opportunities and the performance reviews were made available so that the one could gain insight about the goals and aspirations of the employees are there.

And the performance appraisal system which is rewarded as employee was also supported by the company's enterprise resource planning technology and machinery and the goals and the rewards on their achievement were the predefined and well structured so that there should not be any confusion for the employees and they can give any suggestion so that the performance appraisal system that can be made flexible accordingly appraisal systems of the company and they help the company receive the exceptional performance by the employees are there. This is a research paper ethical behavior and the social responsibility in organizations process and evaluation and methods this will be giving you the heterogeneity of these indicators and the processes there. Please go through this paper you will find that is the you will be able to understand how the benefits can be provided to the employees and create a culture of the ethics and values. This is the book on business ethics and Corporate Social Responsibility by Mr.

Raj Karan and Dr. Vijeta Banwari, please go through this book you will find and understand how these ethics and corporate responsibility that can be carried together in the organizations. There are different these sessions are given the quality of working life, understanding progress, understanding transformations and as I mentioned that is in the previous case study also that is the yoga was a mechanism which was taken to develop at this particular ethical issues. These are the references you can go through these references for your little knowledge. Thank you. Thank you.