

How to write an ethics case



09 Ethics Review Short Answer Questions Matthew Table of Contents

Hosmer, Chapter 13 Sixty, Chapter 13 Sixty, Chapter 26 Sixty, Chapter 39

Sixty, Chapter 412 Hosmer, Chapter 1 Identify and explain the individual

determinants of moral standards * Personal goals * Expectations of outcomes * Things we want out of life and things we expect others want out of life too * Material possessions, lifestyle preferences, personal goods, social aims * Personal norms * Expectations of behaviour * Ways we expect to act and expect others to act Norms are expectations, morals are gauges *

Personal beliefs * Expectations of thought * Beliefs support norms, norms lead toward goals * Personal values * Priorities between goals, norms and beliefs * Judge relative importance between what we want, how we want to act, and why we believe as we do * Individual determinants work in combination with religious/cultural traditions and economic/social situations

* Religious beliefs and cultural norms * Relative income and financial security * Membership in different organizations whose members can influence oals, norms, beliefs and values -> ultimately moral standards How are personal moral standards formed? Answer with reference to the

individual determinants of moral standards. * Beliefs support norms, norms lead toward goals, values rank these determinants * Beliefs, norms, goals and values are all influenced by external factors * Religious/cultural

traditions * Economic/social situations Sixty, Chapter 1 Define and explain the significance of five factors influencing the integrity of Canadian business.

* There's actually 7 Diversity of business interests * Corporations differ in sizes, appropriateness is relative * Industries differ in competitiveness *

When wrongdoing is identified in particular corp or industry, do not generalize to all business * Foreign ownership and influence * Nationalism

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restricted foreign business but have been reduced recently * Encourage foreign businesses to be “ good corporate citizens” * Resource-based economy * Canadian economy is resource-based * Agriculture, energy production, mining, forestry, fishing, etc. Small manufacturing sector relative to Germany, UK, US * Canada characterized by hundreds of single industry towns * Importance of trade * Canada is a major trading economy * Operates in a global economy * New ethical challenges such as outsourcing * Influence of Small Business * 97% are small or medium businesses in Canada * “ Bigness” of the business system * High degree of industrial concentration in economy * Dominated by a few large firms * Canadians concerned about power and influence of large corporations * Apply pressure on them to be more accountable to society * Government presence Extent of government controls or influences of business varies over time * Large role for 40 years after WWII, decline since then What are the doctrines of incorporation and how are they relevant to the Canadian business system? * Concession doctrine * Incorporation was conferred by public act and could not be generated merely by private agreements among several persons to associate together for business purposes * Second doctrine: freedom of association * Association of individuals coming together for some purpose fundamental to forming a corporation * Corporation becomes a “ state within a state” Most highly developed and useful means of voluntary cooperation * Easy way for people to join and leave * Right, not a privilege (like concession doctrine) * Minimum special conditions and limitations imposed by gov * Modern corporations follow the second doctrine more closely, but lie between both doctrines * Social responsibility imposed obligations on modern corp to operate for benefit of society Describe the Canadian

business system * Produces, markets, distributes and exchanges goods and services to satisfy society's needs and wants * Capitalist, but not laissez-faire

Changed from " free" system to one with more gov involvement, and then a decline in gov involvement * Business expected to account to other stakeholders in society * Economic system still based on fundamentals such as individualism, economic freedom, right to private property, importance of competition and profit motive * Provides freedom of choice to workers consumers and entrepreneurs * Monopolistic behaviour evident in some corporations with price fixing and supplier discrimination * Other problems: stock manipulation, misleading advertising, financial scandals, pollution, regional disparity

What is the connection between the type of approach to incorporation and society's expectations of the corporation? * Freedom of association doctrine best describes modern corporations * Association of individuals coming together for some purpose (to make profits) * This doctrine is a right, however, it comes with greater responsibility and accountability to society * Society expects modern corporations to operate for the better benefit of society * Corporate social responsibility, corporate citizenship, etc. List and discuss five factors influencing attitudes toward Canadian business. * There's actually 8 * Standard of living * As standard of living increases, society will view business in a more positive manner * Decentralized decision making * Desired and viewed favourably by consumers * Allocation of resources * Some argue efficient allocation of resources more likely to occur with business system * Allocation based on price and availability of resources (free-markets) * Some argue enterprises control prices (oligopoly) or restrict resources creating artificial shortages * Creates inefficiency * Self-interest Individuals behave in their self-interest in

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a business system * Positive self-interest intended to produce intelligent and informed pursuit of wealth * Some argue self-interest is cruel and malicious - > greed * Appeals to some as a motivating force, others as a source of negative attitudes toward business system * Inequities in society * Critics argue capitalistic market creates inequities * Supporters argue they are inevitable and necessary to provide incentive * Problem arises when groups discriminated to the point that they cannot tolerate * Business cycle * More accentuated in business enterprise system than centralized economy * Criticized more during recessions * Instability resented by society * Unemployment * Associated with country's economic performance, business cycles and productivity of business * Innovation Business enterprise system designed to constantly seek innovation * Potential problem: alienation (specifically in the work place) due to technologies

Sexty, Chapter 2 Define and briefly explain the eight fundamentals of a capitalist business system *

Right to private property * Legal right to own and use economic goods *

Accumulation of private property allows individuals to control own fate *

Pride taken in ownership results in better care of it * Gives sense of security and feeling of satisfaction from participation in society * Develops respect for property of others * Uneven distribution of wealth in society * One method of redistribution is taxes * Most natural resources still owned by government

Intellectual property rights becoming even more important * Individualism and economic freedom * Individual is decision maker in society and should behave in self-interest with minimal authority exercised over them *

Economic freedoms exist when business system operates with few restrictions on activities * Freedom of individuals to enter business, locate anywhere, enter contracts, choose competing goods/services, choose

occupation, access consumer and output markets, develop own economic ends and means to attain these ends * Encourage entrepreneurial talent and innovation * Some argue that communitarianism is more important Status achieved by working with others rather than struggling alone * Issues arise about extent of individuals responsibility for own economic well-being *

There are government social programs like welfare * Equality of opportunity * Assumption that all individuals or groups have even chance at responding to some condition in society * Challenging to achieve in reality * Alternative is equality of results * Government involvement creates new problems though * Another alternative is to achieve equity in the business system *

Fairness in opening of economic opportunity, way stakeholders treated and way economic pie is distributed * Competition Condition in a market system in which many rival sellers seek to provide goods and services to many buyers * Invisible hand * Reduces inefficiencies * Holds profits to a minimum * Widens choice of goods and services available to consumers * Regulates prices * Oligopolies and monopolies exist in many industries * Governments regulate prices in some industries (like utilities) * Barriers to entry exist in form of plant size required for economies of scale, domination through advertising, and inability to obtain technology * Profits * Excess of revenues over expenses * Provide incentive for innovation * Many in society view with disdain Fewer, larger firms plus regulated pricing changes the role of pricing as defined in classical theory * Barriers to entry lead to greater profits than normal under perfect competition * Work ethic * Code of values, moral principles claiming work is desirable, natural activity and that work is good in and of itself * Government programs create worse work ethic * Shift from saving and thrift to consumption -> motivation to work hard * Consumer

sovereignty * Consumers have power over producers through the decisions they make in purchasing goods and services * Challenges are faced in exercising sovereignty * Lack of information of choices * Producers have power to ignore some consumer demands * Mass production * Role of the government * To be kept at a minimum -> laissez-faire Provide national security, internal/external law and order, currency system * Provide mechanisms for individuals to associate with others * Contracts * Intervention generally lessens efficiency * Influential stakeholder in business system * Tariffs, subsidies, taxation, regulations and legislation, loans and grants, ownership * All 8 fundamentals are interconnected * Competition regulates profits, private property a basis for individualism, profits motivate individuals and reinforce work ethic, work ethic rewarded by profits, etc. Define and identify the ethical implications associated with six of the eight fundamentals of a capitalist business system * See above

Define Canadian capitalism with reference to the Canadian business system * Businesses enterprises operating in a private market system * Differs from American capitalism * 1930s depression and WWII influenced more government involvement * Free market system being replaced by a system that is also capable of taking into consideration social or ethical concerns * Eight fundamentals form the basis of Canadian capitalism * Right to private property * Individualism and economic freedom * Equality of opportunity * Competition * Profits * Work ethics * Consumer sovereignty * Role of government Does capitalism exist in different forms around the world? Explain with reference to the three of the four more common forms of capitalism * There are four other types of capitalism in the world Consumer

capitalism * Liberal market capitalism * US, Britain, Canada, Australia * Limited gov involvement, open borders, profit maximization * Consumers have influence over market and producers * Low income inequity, low savings rate, weak central government * Producer capitalism * Emphasizes production, employment, statist policies * Centralized planning * Germany, France, Japan, Mexico * Social market economy * Social safety nets are fraying, innovation slowed and consumer dissatisfaction occurs * Family capitalism * Crony and Confucian capitalism * Taiwan, Malaysia, Thailand Indonesia * Social balance, harmony, domestic peace Emotional attachment formed with groups -> as opposed to equality (Western beliefs) * Outsiders not considered equal, modern corporate organizations less likely to be formed, money markets restricted * Frontier capitalism * Capitalism in beginning stages * Russia and China * Government pursues for-profit activities and entrepreneurial class sprouts * Fundamentals being made operational * Role of government changes with need to develop commercial law and regulation * Mechanisms and institutions have to be developed to facilitate transition to consumer or producer capitalism

Sexty, Chapter 3

Define a stakeholder. Why is it important for managers to identify the complete array of stakeholders? Individual or group who can influence and/or is influenced by achievement of organization's purpose * Important to identify stakeholders for two reasons: 1. To obtain resources, business has to recognize the groups that control scarce resources 2. The support of other groups is required to maintain the legitimacy of business as an institution of society * Friedman argues " if you want to manage effectively, then you must take your stakeholders into account in a systematic fashion" *

Managers must behave in a manner compatible with beliefs and values of

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stakeholders Describe five main stakeholders in business * Owners (shareholders) Individuals or groups who have invested in corporation in form of equity or shares * Many shareholders -> weak influence * Concentrated ownership -> stronger influence * Funds do not exercise power despite large holdings; becoming more influential lately * Directors * Elected by shareholders to represent their interests * Insiders have more influence on corporation (management) * Outsiders are just figureheads -> rubber-stamp management's decisions * Small, unincorporated businesses have no boards * Employees * Considered one of most important stakeholders * Critical for organization's operation * Blue collar -> manufacturing, production, servicing White collar -> office employees * Labour unions represent employees * More attention focused on disadvantaged groups lately (women, minorities) * Customers/Consumers * Members of the public (consumers), industrial business-to-business (customers), gov/gov agencies * Source of revenue for corporation, treated carefully * Monopoly/lack of competition -> consumers taken for granted * Needs of individual customers ignored by large corporations through persuasive advertising * Producers can influence or determine what consumers will purchase * Lenders and Creditors * Lend for long-term and for short term * Have substantial influence If lender is not paid as per contract agreement, assets can be seized * Mortgagees, lenders, creditors have prior claim to assets of corporation if bankrupt * Many other stakeholders Define the commercialization of education. What are some of the issues concerning the influence of business corporations over educational institutions? * Educational institutions seeking financial support from business as opposed to gov * Corporate advertising in educational buildings * Naming of business

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schools after major donors * Business funding of research, especially in medical schools * Exclusivity agreements in providing particular good or service on campus * Acceptance of funding from suppliers of tobacco and liquor * Difficulty in returning donation from alumnus who is later accused/convicted of corporate wrongdoing

Explain why the manager is a special stakeholder * Can be employees, shareholders * Very influential in dealing with other stakeholders due to power in organization * Responsible for indentifying, analyzing and responding to stakeholders * Indentify stakeholders influenced by, or having an influence on, the corporation * Understand how corporation currently views stakeholders * Examine how each stakeholder will or might influence corporation * Assess opportunities or threats in magnitude of influence on stakeholder * Rank stakeholders by influence * Prepare programs or policies dealing how to deal or cope with stakeholders

Define and explain the key points of opposition to the stakeholder concept * Problems of categorization * List of stakeholders diverse and extensive * Have contrary objectives * No agreement on priority or importance of stakeholders * No agreement on number of stakeholders * Challenges in meeting expectations * No clear statement of expectations except for shareholders (owners) * Difficult to determine entitlement of each stakeholder * Complex trade-offs * Dilution of top management focus * Social goals of shareholders divert management attention from measurable results required to judge corporate performance * Impracticality of shared governance Challenging to have competing and conflicting interests attempting to govern organization * Corporate governance designed to give

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advantages to one set of stakeholders (shareholders) What are the main arguments for the stakeholder concept? * Argue that opponents do not understand basis for stakeholder concept * Responding to stakeholders is good business (profits), not promoting equity * Necessary to recognize interests of stakeholders and promote loyalty * Purpose of corporation is a complex combination of desires and expectations * Systematic approach to recognizing expectations and deciding whether to respond Define issues management.

Explain the central purposes and benefits of issues management *

Identification of issues that confront business or corporation as well as development of appropriate response * Economic, social, environmental issues * Process by which corporation responds to issues, can't actually affect them * Minimize surprises relating to events or trends with early warnings * Prompts managers to be more systematic in coping with issues and stakeholder concerns by using foresight to anticipate change and by participating in resolution of existing issues * Provide framework for assessing matters that might otherwise be overlooked * Benefits: * More likely to maintain competitive advantage Corporate behaviour more likely to be consistent with societal expectations * Corporation less likely to make serious social or ethical mistake * Detect issues earlier and develop responses sooner * Vulnerability reduce, credibility enhanced Define and explain the steps involved in the issues management process 1.

Identification of issues * Formulation of issues * Social forecasting, futures research, environmental scanning, public issues scanning 2. Analysis of issues * Issues described and evaluated * Usually in writing to achieve

consensus among managers 3. Ranking or prioritizing of issues * Establish issue importance 4. Formulating issue response * Choices available to corporation are identified and evaluated 5. Implementing issue response * Specific plans formulated to implement response selected 6.

Monitoring and evaluating issue response * Status of issue and response is reviewed on regular basis Define and explain the significance of issue life cycles. * Similar to marketing product lifecycle * Issue viewed over degree of awareness and period of time * Earliest period, T1 has six characteristics * Terms of debate not clearly defined * One of the stakeholders will define emerging issues and make it a current issue * Deals with matters of conflicting values and interests * Not a problem expert knowledge will automatically resolve * Stated in value laden terms * Trade-offs possible * Not easy to resolve in short term * T2 * Awareness increases -> eg. receives media attention * T3 * Issue is prominent and cannot be ignored * Responses and solutions widely discussed * T4 * Issue peaks * T5 * Decline stage * Managers must be sensitive to degrees of issues awareness of society or significant number of stakeholders * Issue may remerge and awareness increase * SEE DIAGRAM PAGE 61 Sexty, Chapter 4 Define and explain Freeman's stakeholder management capability. Why is it relevant to stakeholder matrix mapping? * Definition * Ability of managers to identify stakeholders and their influence, develop organization practices to understand stakeholders, undertake direct contact with stakeholders * 3 steps Identifying the organization's stakeholders and perceived stakes according to the rational perspective * Prepare stakeholder map to identify specific stakeholders * Ascertain " stake" each group has and power they

have * Determining organizational process used to manage relationships with stakeholders and fitting these processes with the stakeholder map * Portfolio analysis (too financial oriented) * Strategic management * Understand set of transactions or bargains between organization and its stakeholders and decide whether these negotiations fit the map and process * Actual interaction with stakeholders * Matrix mapping is first step Also important to interpret relationships with stakeholders * Categorizing an organizations stakeholders by their influence according to two variables on a 2x2 matrix What is stakeholder matrix mapping? Describe the four categories of stakeholders that result from a position/importance matrix. * Used to understand or interpret influence stakeholders have on the organization and/or influence organization has on stakeholders * Problematic stakeholders * Oppose organization's action, relatively unimportant * Antagonistic stakeholders * Oppose organization course of action, very important * Low priority stakeholders * Support organizations course of action, relatively unimportant * Supporter stakeholders Support organization's course of action, important to organization Oppose| Problematic| Antagonistic| Support| Low priority| Supporter| ----- Importance-----| Define and explain diagnostic typology of organizational stakeholders. Provide a brief description of each stakeholder type and corresponding strategy. * Diagnostic typology ^Potential for cooperation||| Mixed BlessingStrategy: Collaborate| SupportiveStrategy: Involve| | NonsupportiveStrategy: Defend| MarginalStrategy: Monitor| | ----- Potential for Threat-----| * Supportive stakeholder * Low threat and high potential * Board of directors, employees, etc. Encourage cooperative potential and do not ignore/take for granted * Marginal stakeholder and

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strategy * Neither highly threatening nor especially cooperative * Consumer groups, shareholders, etc. * Monitor closely while recognizing that interests are narrow and issue-specific * Nonsupportive stakeholder * High threat potential, low cooperation potential * Competing firms, unions, governments, etc. * Defensive, attempt to reduce organization's dependence on stakeholder * Mixed blessing of stakeholder and strategy * Play a major role in organization with high threat and cooperation potential * Employees in short supply, important clients, etc. * Become supportive or nonsupportive * Example: joint ventures, alliances, mergers

Define and explain the significance of salience to stakeholder identification * Degree to which managers give priority to competing stakeholder claims * Based upon stakeholder possession of one or more attributes: power, legitimacy, urgency * Power * Relationship where A can get B to do something it wouldn't otherwise do * Legitimacy * Acts of entity are desirable, proper, appropriate within socially constructed system of norms, values, beliefs and definition * Urgency * Degree to which claim calls for immediate attention, time-sensitive * Allows managers to make systematic categorization of stakeholder-management relationships and allows them to deal with multiple stakeholder influences * SEE DIAGRAM ON PAGE 75

Define power, legitimacy and urgency. Explain the significance of these concepts to stakeholder typology and attributes. * Power * Relationship where A can get B to do something it wouldn't otherwise do * Legitimacy * Acts of entity are desirable, proper, appropriate within socially constructed system of norms, values, beliefs and definition * Urgency * Degree to which claim calls for immediate attention, time-sensitive What

are the three different types of influence strategies? What are the determinants of the choice of influence strategy? * Ask three questions * Who are they? * What do they want? * How are they going to try to get it? * Resource dependence Stakeholder supplying a resource can exert some form of control over it * Withholding strategies * Stakeholder discontinues providing resource with intention of changing behaviour * Usage strategies * Continue to supply a resource, specifies how it will be used * Indirect strategies * Have an ally manipulate flow of resources by withholding or through usage conditions * Strategy combinations * Indirect/withholding, direct/withholding, stakeholder power, indirect/usage, high interdependence, direct/usage What is social capital? How does it apply to understanding corporate stakeholder relationships? How is value added to the corporation's business by understanding stakeholder social capital? Broad concept in understanding different types of relationships * Any aspect of corporation's organizational arrangements that create values, facilitates actions of stakeholders within and external to corporation * Created when relations between stakeholders and corporation change to facilitate understanding, cooperation and coordination * Builds trust and goodwill between corporation and its stakeholders * Social capital creates goodwill * SEE FIGURE 4. 4 ON PAGE 83 Define and explain the three levels of stakeholder management capability? 1. Compliance culture * Preserves value of stakeholder relationships as established by laws and norms and seeks to avoid unacceptable destruction of value 2. Relationship management culture * Value is created, but traded off after demands of shareholders satisfied 3. Sustainable organizational culture * Maximum value * Maximize creation of value in ethical, economic, environmental terms