Managing Ethics and Diversity

Chapter 3

website

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Learning Objectives

LO1 How ethics is important for managers

LO2 Managing diversity

The Nature of Ethics

• Morals
  – The thoughts and feelings that something is right or wrong.

The Nature of Ethics

• Ethics
  – The inner-guiding morals, values, and beliefs that you use to decide what is “right” or how to behave.

The Nature of Ethics

• Ethical Dilemma
  – It’s not always easy to do the right thing
  – A dilemma is when you know the right thing to do, but it leaves you worse off. What do you do?

The Nature of Ethics

• Ethics
  – Do ethics matter?
  – Who are ethics important for?
Stakeholders and Ethics

- **Stakeholders**
  - The people and groups that supply a company with its productive resources and so have a claim on and stake in the company

**Types of Company Stakeholders**

- Stockholders
  - People buy stock and invest in the company
  - Want to maximize their return on investment
  - Want to ensure that managers are behaving ethically

- Managers
  - Have the right to expect a good return or reward
  - Larry Ellison, CEO Oracle
    - $84.5 million

- Employees
  - Companies employ workers, and they need to make a fair workplace

- Is this fair?
- Is it ethical?
Suppliers and Distributors

• Suppliers expect to be paid fairly and promptly for their inputs
• Distributors expect to receive quality products at agreed-upon prices

Customers

• Most critical stakeholder
• Company must work to increase efficiency and effectiveness in order to create loyal customers and attract new ones

Community, Society, and Nation

• the towns or cities neighborhoods where the company is located
• Provides a company with the physical and social infrastructure that allows it to operate

Ethical Decision Making

- Utilitarian Rule: A decision that produces the greatest good for the great number of people.
- Moral Rights Rule: A decision that protects the rights of the people affected by it.
**Justice Rule**

A decision that distributes benefits and harms among people and groups in a fair and equal way.

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**Practical Decision Model**

Can you look at yourself in the mirror afterwards?

Would it be okay for your decision to be in the paper for everyone to see?

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**Practical Decision Model**

1. Does my decision fall within the acceptable standards that apply in business today?
2. Am I willing to see the decision communicated to all people and groups affected by it?
3. Would the people with whom I have a significant personal relationship approve of the decision?

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**Why should managers behave ethically?**

The relentless pursuit of self-interest can lead to a collective disaster

tragedy of the commons

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**Why should managers behave ethically?**

- **Trust**
  - Willingness of one person or group to have faith or confidence in another person’s goodwill, even though this puts them at risk

- **Reputation**
  - high repute that individuals or organizations gain when they behave ethically

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**Some Effects of Ethical/Unethical Behavior**

- Ethical Behavior:
  - Increases Efficiency and Effectiveness of Processes and Systems
  - Increases Company Performance
  - Increases National Standard of Living, Well-being, and Prosperity

- Unethical Behavior:
  - Reduces Efficiency and Effectiveness of Processes and Systems
  - Reduces Company Performance
  - Reduces National Standard of Living, Well-being, and Prosperity

*Figure 3.3*
### Diversity Concerns

- **Glass ceiling**
  - The idea of an invisible barrier that prevents minorities and women from being promoted to top corporate positions

### Workforce Diversity: Gender

- **Women in the Work Place in Taiwan**
  - Female workers 49%
  - Male workers 67%
  - Still behind Japan, South Korea
  - Female wages are only 81% of male workers

### The Increasing Diversity of the Workforce and the Environment

- **Diversity**
  - Differences among people in age, gender, race, ethnicity, religion, sexual orientation, socioeconomic background, and capabilities/disabilities

### Diversity Concerns

- **The ethical imperative for equal opportunity**
- Effectively managing diversity can improve organizational effectiveness
- The continuing bias toward diverse individuals

### Sources of Diversity in the Workplace

![Sources of Diversity in the Workplace](image)

**Figure 3.6**

### Equal Employment Opportunity

- **Taiwan: Article VII of the constitution**
  - "All citizens of the Republic of China, irrespective of sex, religion, race, class, or party affiliation, shall be equal before the law."
Equal Employment Opportunity in Taiwan

- **Employment Services Act 1992**
  - employers cannot discriminate employees and job applicants on the basis of:
    - race, class, language, thought, religion, marital status, party affiliation, age, birthplace, one’s provincial/county origin, gender sexual orientation, facial features, appearance, disabilities, and former membership in labor unions.

Equal Employment Opportunity in Taiwan

- **Protection Act for Rights and Interests of (Physically and Mentally) Disabled Citizens**
  - Article 38 of this law requires a private organization that has 100 or more employees to hire physically or mentally disabled employees, totaling at least 1% of the whole staff.

Equal Employment Opportunity in Taiwan

- **Gender Equality in Employment Act of 2002**
  - This law primarily addresses issues of gender discrimination in the workplace.

Equal Employment Opportunity in Taiwan

- **aboriginal workers earn 65% of the wages of Han-Chinese.**
- **increasing discrimination for appearance in the service industry**

Equal Employment Opportunity in Taiwan

- **59% of disabled people are unemployed**

Workforce Diversity: Capabilities and Disabilities

- **Disability Issues**
  - Providing reasonable accommodations for individuals with disabilities
  - Promoting a nondiscriminatory workplace environment
  - Educating the organization about disabilities and AIDS
Workforce Diversity: Religion

• Accommodation for Religious Beliefs
  – Scheduling of critical meetings
  – Providing flexible time off for holy days
  – Posting holy days for different religions on the company calendar

Workforce Diversity: Socioeconomic Background

• Socioeconomic Background Issues
  – Widening diversity in income levels
  – Single mothers and the “working poor”
  – Child and elder care for working parents

Critical Managerial Roles

• Managers have more influence than rank-and-file employees
• When managers commit to diversity, it legitimizes diversity efforts of others

Forms of Sexual Harassment

• Hostile work environment
  – Telling lewd jokes, displaying pornography, making sexually oriented remarks about someone’s personal appearance, and other sex-related actions that make the work environment unpleasant.

Sexual Harassment in Taiwan

• 15-33% of women have experience or noticed harassment in the workplace.

Steps to Eradicate Sexual Harassment

• Develop and clearly communicate a sexual harassment policy endorsed by top management
• Use a fair complaint to investigate charges of sexual harassment
Steps to Eradicate Sexual Harassment

- When it has been determined that sexual harassment has taken place, take corrective action as soon as possible
- Provide sexual harassment education and training to all organizational members, including managers

Where Do Ethics Come From?

Determinants of Ethics

Ethical Organizational Cultures

- Managers make ethical values and norms key features of an organization’s culture
- Managers become ethical role models