**Chapter 2**

**THE ENVIRONMENT: CULTURE, ETHICS, AND SOCIAL RESPONSIBILITY**

Chapter Outline

1. THE INTERNAL ENVIRONMENT
2. Mission, Management, and Culture
3. Resources and Structure
4. Systems Process
5. ORGANIZATIONAL CULTURE
6. Organizational Culture Artifacts, Levels, and Strength
7. Managing, Changing, and Merging Cultures
8. Learning Organizations
9. THE EXTERNAL ENVIRONMENT
10. External Environmental Factors
11. Dynamic Environments and Interactive Management
12. BUSINESS ETHICS
13. Does Ethical Behavior Pay?
14. How Personality Traits and Attitudes, Moral Development, and the Situation Affect Ethical Behavior
15. How People Justify Unethical Behavior
16. Simple Guides to Ethical Behavior
17. Managing Ethics
18. SOCIAL RESPONSIBILITY AND SUSTAINABILITY
19. Social Responsibility to Stakeholders
20. Does It Pay to Be Socially Responsible?
21. Sustainability

Changes From 5e to 6e Chapter 2

* The global section has been moved to a new Chapter 3.
* The references have been updated, and 98 percent are new to this edition.
* The opening case has been updated.
* The first section, on the internal environment, has been reorganized to begin with the mission combined with management and culture, followed by resources combined with structure, and ending with the systems process.
* The major section on organizational culture has new headings, and “healthy and unhealthy cultures” has been deleted.
* Join the Discussion, Auto Fuel Efficiency has been changed to focus on increases in miles per gallon.
* The section “Does It Pay to Be Ethical?” has been rewritten with all new references.
* A discussion of the Foreign Corrupt Practices Act has been added to the Managing Ethics section.
* The section “Does It Pay to Be Socially Responsible?” has been rewritten with all new references and now includes a discussion of social entrepreneurship.
* The section on sustainability has been moved into the social responsibility section and has the same topics, but it has been condensed.

Lecture Outline

**Note:** The textbook supplements include a PowerPoint presentation for each chapter, which can be used rather than, or in addition to, this lecture outline.

1. THE INTERNAL ENVIRONMENT

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| Learning Outcome (LO) 2–1. Explain the five internal environmental factors.  Management refers to the people responsible for an organization’s performance. Mission is the organization’s purpose or reason for being. The organization has human, physical, financial, and informational resources to accomplish its mission. The systems process is the method of transforming inputs into outputs as the organization accomplishes its mission. Structure refers to the way in which the organization groups its resources to accomplish its mission. |

The organization’s **internal environment** includes the factors that affect its performance from within its boundaries. They are called internal factors because they are within the organization’s control, as opposed to the external factors, which are outside the organization’s control. The five internal environmental factors that you will learn about in this section include management and culture, mission, resources, the systems process, and structure. See Exhibit 2–1 for a list.

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| **Review Question (RQ)** 2–**1. What are the factors within the internal environment?**  The five internal environmental factors are management and culture, mission, resources, the systems process, and structure. |

1. **Mission, Management, and Culture**

Managers are responsible for the organization’s performance.

The organization’s **mission** is its purpose or reason for being. It provides an organization’s identity by answering the question, “Who are we as an organization?”

Managers are also responsible for linking employees to the organizational culture. An **organizational culture** consists of the values, beliefs, and assumptions about appropriate behavior that members of an organization share. Managers, with employees, make the culture part of the environment so everyone knows what they should be doing at work and how to do it.

The mission should be relevant to all stakeholders. **Stakeholders** are people whose interests are affected by organizational behavior. Among a company’s stakeholders are employees, shareholders, customers, suppliers, and the government.

The mission is an expression of the ends that the organization strives to attain. The other internal environmental factors are considered the means to achieve the ends. Note that managers develop the mission and set objectives, but the managers are a means to the end.

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| WORK APPLICATION Example student answer.  For each work application in this chapter, use a different organization, or several different ones, for your examples.  **2–1. State the mission of an organization, preferably an organization you work for or have worked for.**  The mission of Springfield College is to educate students in spirit, mind, and body for leadership in service to humanity by building upon its foundation of humanics and academic excellence. |

1. **Resources and Structure**

As stated in Chapter 1, organizational *resources* include human, financial, physical, and informational. Human resources are responsible for achieving the organization’s mission and objectives.

*Structure* refers to the way in which an organization groups its resources (department) to accomplish its mission. All of an organization’s resources must be structured effectively to achieve its mission.

1. **Systems Process**

The **systems process** is the method used to transform inputs into outputs.The systems process has four components:

1. *Inputs.*Inputs are an organization’s resources (human, financial, physical, and informational) that are transformed into products or services.
2. *Transformation.*Transformation is the conversion of the inputs into outputs.
3. *Outputs.* Outputs are the products or services offered to customers.
4. *Feedback.*Feedback provides a means of control to ensure that the inputs and transformation process are producing the desired results.

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| **RQ** 2–**2.** **What are the components of the systems process?**  The systems process has four components: (1) inputs, (2) transformation, (3) outputs, and (4) feedback. |

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| WORK APPLICATION Example student answer  **2–2. Illustrate the systems process for an organization you work for or have worked for.**  At McDonald’s, we get inputs including meat, buns, lettuce, cheese, pickles, onions, sauce, and Big Mac boxes. We cook the all-beef patties and put them on a bun with lettuce, cheese, pickles, onions, and sauce. Then we put them in a box as our Big Mac output. |

Customers determine **quality** by comparing a product’s actual functioning to their requirements to determine value.**Customer value** is the perceived benefits of a product, used by customers to determine whether to buy the product. Customers don’t simply buy a product itself. They buy the benefit they expect to derive from that product. Value is what motivates us to buy products.

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| **RQ** 2–**3. How is quality determined, and why do people buy products?**  Customers determine quality by comparing a product’s actual functioning to their requirements to determine value. People don’t simply buy a product itself. They buy the benefit they expect to derive from that product. |

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| **Communication Skills Question (CSQ)** 2–**1. Do you believe that most organizations focus on creating customer value?**  Answers will vary. |

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| WORK APPLICATION Example student answer  **2–3. Identify the quality and value of a product you purchased recently.**  I bought a used 2006 Honda Accord because of its reputation for being a quality automobile. My Honda was a good value because I got a good price on it, but more importantly, it provides me with the pleasure of being able to go where I want to go, when I want to go, and I’m doing it in a sporty-looking car with a standard shift. |

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| LO 2–2. List and explain the need for the two primary principles of total quality management (TQM).  The two primary principles of TQM are (1) focusing on delivering customer value and (2) continually improving the system and its processes*.* To be successful, businesses must continually offer value to attract and retain customers. Without customers, you don’t have a business. |

Total quality management TQM is the commonly used term for stressing quality within an organization. **Total quality management (TQM)** is the process that involves everyone in an organization focusing on the customer to continually improve product value. The two primary principles of TQM are (1) focusing on delivering customer value and (2) continually improving the system and its processes.

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| **CSQ** 2–**2. Do you think that all organizations should use total quality management (TQM)? Explain your answer.**  Answers will vary, but students should realize the importance of the two TQM principles in all organizations. |

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| **CSQ** 2–**3. What is the relationship among management and mission, resources, the systems process, and structure? Which of these internal factors are ends and which are means?**  Management determines the mission, resources, systems process, and structure; all affect organizational performance. The mission is an expression of the ends the organization strives to attain. The other internal environmental factors are considered the means to achieve the ends. |

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| APPLYING THE CONCEPT Answers  AC 2–1—The Internal Environment  b 1. Mission. Delivering pizza and buffalo wings is the business’s purpose.  e 2. Structure. A new department adds to the existing structure.  a 3. Management and culture. Focusing on the customer experience for repeat business is a shared value of how to conduct business.  d 4. Systems process. Inputs are being converted into outputs.  a 5. Management and culture. Management has authority to make decisions or to delegate the authority. |

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| JOIN THE DISCUSSION: ETHICS & SOCIAL RESPONSIBILITY – 2–1  Downsizing and Part-Time Workers  Answers will vary based on opinion. |

II. ORGANIZATIONAL CULTURE

An organization’s culture is manifested in the values and principles that leaders preach and practice, in its employees’ attitudes and behavior, in ethical standards and policies, in the “chemistry” that permeates its work environment, and in the stories people repeat about events in the organization. Within an organization, culture gives meaning to each individual’s membership in the workplace and, in doing so, defines the organization’s essential being. Fostering the right organizational culture is one of the most important responsibilities of a chief executive. Management needs to be involved in establishing the shared values, beliefs, and assumptions so that employees know how to behave.

1. **Organizational Culture Artifacts, Levels, and Strength**
2. **Learning the Organization’s Culture Through Artifacts**

Organizational culture is primarily learned through observing people and events in the organization. There are five artifacts of organizational culture, which are important ways that employees learn about it:

1. *Heroes*
2. *Stories*
3. *Slogans*
4. *Symbols*
5. *Ceremonies*

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| **RQ** 2–**4. What are the five artifacts of organizational culture?**  The five artifacts of culture are (1) heroes, (2) stories, (3) slogans, (4) symbols, and (5) ceremonies. |

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| **CSQ** 2–**4. Which of the five artifacts, or important ways that employees learn about organizational culture, is the most important?**  Answers will vary. |

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| WORK APPLICATION Example student answer  **2–4. Identify the cultural heroes, stories, slogans, symbols, and ceremonies for an organization you are/were a member of.**  At Springfield College, I’ve heard that Dogget was a hero. I don’t recall any stories. The Springfield College triangle of spirit, mind, and body is the symbol used at the college. The Humanics Philosophy is a Springfield College slogan. There are a few awards ceremonies, such as Stepping Up Day. |

1. Three Levels of Culture

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| LO 2–3. Describe the three levels of organizational culture and their relationship to each other.  Level 1 of culture is behavior—the actions employees take. Level 2 is values and beliefs. Values represent the way people believe they ought to behave and beliefs represent if-then statements. Level 3 is assumptions—values and beliefs that are deeply ingrained as unquestionably true. Values, beliefs, and assumptions provide the operating principles that guide decision making and behavior. |

The three **levels of culture** are behavior, values and beliefs, and assumptions. Exhibit 2–4 illustrates the three levels of culture.

**Level 1. Behavior**

Behavior includes the observable things that people do and say or the actions employees take. Heroes, stories, slogans, symbols, and ceremonies are all part of behavior-level culture. The behavior level is also called the *visible level*. Values, beliefs, and assumptions are considered the *invisible level*, as you cannot actually observe them.

**Level 2. Values and Beliefs**

Values represent the way people believe they ought to behave, and beliefs represent if-then statements: “If I do *X*, then *Y* will happen.” Values and beliefs provide the operating principles that guide decision making and shape the behavior that results in level 1 culture. Values and beliefs cannot be observed directly; we can only infer from people’s behavior what they value and believe.

The slogan is critical to level 2 culture. A *slogan* expresses key values.

**Level 3. Assumptions**

Assumptions are values and beliefs that are so deeply ingrained that they are considered unquestionably true. Because assumptions are shared, they are rarely discussed. They serve as an “automatic pilot” to guide behavior. In fact, people often feel threatened when assumptions are challenged. If you question employees on why they do something or suggest a change, they often respond with statements like, “That’s the way it’s always been done.” Assumptions are often the most stable and enduring part of culture and are difficult to change.

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| **RQ** 2–**5. What are the levels of culture?**  The three levels of culture are behavior, values and beliefs, and assumptions. |

1. **Strong and Weak Cultures**

Organizational cultural strength is characterized by a continuum from strong to weak. Organizations with strong cultures have employees who subconsciously know the shared assumptions; consciously know the values and beliefs; agree with the shared assumptions, values, and beliefs; and behave as expected. Organizations with many employees who do not behave as expected have weak cultures.

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| **CSQ** 2–**5. What is the difference between a strong and weak organizational culture, and which is preferable?**  Organizations with strong cultures have employees who subconsciously know the shared assumptions; consciously know the values and beliefs; agree with the shared assumptions, values, and beliefs; and behave as expected. A positive strong culture is preferred. |

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| WORK APPLICATION Example student answer  **2–5. Describe the organizational culture at all three levels for a firm you work for or have worked for. Does the organization have a strong or a weak culture?**  I work at Abdows Big Boy Restaurant. Our major assumption is deeply ingrained so that is it the same as our values and beliefs. Our value and belief is customer satisfaction. We are trained, and see by example, how important it is to give quick, courteous service. One of the expected behaviors is to help others provide customer service. For example, if one table server is busy and another is not, you wait on tables that are not yours until the person catches up. Table servers also help bus people to clean tables when they are busy.  We have a strong culture. Everyone works together with similar behavior and values and beliefs to help Abdows succeed at meeting its mission. |

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| APPLYING THE CONCEPT Answers  AC 2–2—Strong and Weak Cultures  a 6. Strong culture. It appears that there is conformity with everyone dressing similarly. If some people wear jackets and ties and others don’t, it’s optional and a weak part of expected behavior.  a 7. Strong culture. Stories are a part of a strong culture.  b 8. Weak culture. When expected behavior is not clear, there is a weak culture.  b 9. Weak culture. Unclear values are an indication of a weak culture.  a 10. Strong culture. The group is giving a “dirty look” to convey that ethical jokes are not acceptable behavior. Employees enforcing behavior comes from a strong culture |

1. **Managing, Changing, and Merging Cultures**

**Symbolic leaders** articulate a vision for an organization and reinforce the culture through slogans, symbols, and ceremonies. Symbolic leaders manage, change, and merge cultures.

Organizational culture can be managed by drawing attention to heroes and using stories, symbols, slogans, and ceremonies. If any of these five elements of a strong culture are missing or weak, top management can work to strengthen the culture. However, strengthening an organizational culture is not a program with a starting and ending date; it is an ongoing process.

Organizational cultures often need to be changed to ensure organizational success. However, changing cultures is not easy.

A key strategy that big businesses use to compete in the global environment is to take part in mergers and acquisitions. However, almost one half of acquired companies are sold within five years, and 90 percent of mergers never live up to expectations. One of the major reasons for failure is the inability to integrate the organizational cultures.

To successfully change or merge cultures, a strong symbolic leader is needed.

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| **CSQ** 2–**6. What is symbolic leadership? Is it important?**  Symbolic leaders articulate a vision for an organization and reinforce the culture through slogans, symbols, and ceremonies.  Yes. As stated in the text, managing culture is an important part of top management. To successfully change or merge cultures, a strong symbolic leader is needed. |

1. **Learning Organizations**

A **learning organization** has a culture that values sharing knowledge so as to adapt to the changing environment and continuously improve. Solving problems and identifying and exploiting opportunities is critical to continuous improvement in learning organizations.

The learning organization is a philosophy or attitude about what an organization is and about the role of employees; it is part of the organizational culture.

Creating a learning organization requires changes in many areas and demands strong leadership, a team-based structure, employee empowerment, open information, a participative strategy, and a strong adaptive culture. These six characteristics of learning organizations are interrelated through the systems effect, as each one affects all the others.

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| **RQ** 2–**6. What is a learning organization?**  A learning organization has a culture that values sharing knowledge so as to adapt to the changing environment and continuously improve. |

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| **CSQ** 2–**7. What is a learning organization? Should a manager create one?**  A learning organization has a culture that values sharing knowledge so as to adapt to the changing environment and continuously improve.  Yes. Managers that don’t change with the environment will not be successful in the long run. |

III. THE EXTERNAL ENVIRONMENT

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| LO 2–4. Describe how the nine external environmental factors—customers, competition, suppliers, labor force, shareholders, society, technology, the economy, and governments—can affect the internal business environment.  Customers decide what products the business offers, and without customer value, there are no customers or business. Competitors’ business practices often have to be duplicated in order to maintain customer value. Poor-quality inputs fromsuppliers result in poor-quality outputs without customer value. Without a qualified labor force, products and services will have little or no customer value. Shareholders, through an elected board of directors, hire top managers and provide directives for the organization. Society, to a great extent, determines what are acceptable business practices and can pressure business for change. The business must develop new technologies, or at least keep up with them, to provide customer value. Economic activity affects the organization’s ability to provide customer value. For example, inflated prices lead to lower customer value. Governments set the rules and regulations that business must adhere to. |

The organization’s **external environment** includes the factors outside its boundaries that affect its performance. Although managers can control the internal environment, they have very limited influence over what happens outside the organization.

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| **RQ** 2–**7. What is the external environment?**  The organization’s external environment includes the factors outside its boundaries that affect its performance. |

1. **External Environmental Factors**

The nine major external factors are customers, competition, suppliers, labor force/unions, shareholders, society, technology, the economy, and governments. The first five are known as *task factors*, and the other four are known as *general factors*.

* **Customers.** Customers have a major effect on the organization’s performance through their purchase of products. Without customers, there is no need for an organization.
* **Competition.** Organizations must compete for customers. Competitors’ changing strategic moves affect the performance of the organization.

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| WORK APPLICATION Example student answer  **2–6. Give an example of how one firm’s competitors have affected that business.**  In East Longmeadow, there is a Big Y Supermarket that had no competitors nearby. However, an Edward’s Supermarket moved in across the street from Big Y. As a result, Big Y has lost some customers it would have kept if Edward’s had not moved in across the street. |

* **Suppliers.** Organizations buy resources from suppliers. Therefore, a firm’s performance is affected by suppliers.
* **Labor Force.** The employees of an organization have a direct effect on its performance. Management recruits human resources from the available labor force outside its boundaries. Unions also provide employees for the organization, and they are considered an external factor because they become a third party when dealing with the organization.
* **Shareholders.** The owners of a corporation, known as *shareholders,* influence management. Most shareholders of large corporations are generally not involved in the day-to-day operation of the firm, but they do vote for the directors of the corporation, who hire and fire top management.
* **Society.** Our society, to a great extent, determines what are acceptable business practices. Individuals and groups have formed to pressure business for changes.
* **Technology.** Technology has changed the speed and the manner in which organizations conduct and transact business, and they are often major parts of a firm’s systems process.

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| WORK APPLICATION Example student answer  **2–7. Give an example of how technology has affected one or more organizations, preferably one you work for or have worked for.**  When I used to shop at Costco Wholesale, it had two people at the checkout. One person would read the product numbers to the other one who would type them into the cash register. But now Costco Wholesale finally upgraded its technology to the modern computer scanners. Now it only needs one person at each cashier station. It is more accurate and faster at checking people out, so it has created customer value. |

* **The Economy.** No organization has control over economic growth, inflation, interest rates, foreign exchange rates, and so on. In general, as measured by gross domestic product (GDP), businesses do better when the economy is growing than during times of decreased economic activity, or recession.

Doing periods of inflation, businesses experience increased costs. When interest rates are high, it costs more to borrow money. Foreign exchange rates affect businesses both at home and abroad. Thus, the economy has a direct impact on a firm’s performance and profits.

* **Governments.** National, state, and local governments all set laws and regulations that businesses must obey.

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| **CSQ** 2–**8. If you can’t control the external environment, why be concerned about it anyway?**  Businesses should be concerned about the external environment because it can affect the business’s performance. Although a business can’t control the external environment, it needs to try to influence the external factors to its advantage, or at least adjust to them. |

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| APPLYING THE CONCEPT Answers  AC 2–3—The External Environment  i 11. Governments. The government can stop mergers and acquisitions when it believes society will be harmed by the business transaction.  g 12. Technology. A new material is a technology change.  b 13. Competition. AT&T lost its monopoly, as it has competition now.  h 14. The economy. The government can influence the economy through monetary policy of changing the amount of money in the economy.  e 15. Shareholders. They own the company and appoint top managers. |

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| JOIN THE DISCUSSION: ETHICS & SOCIAL RESPONSIBILITY – 2–2  Auto Fuel Efficiency  Answers will vary based on opinion. |

1. **Dynamic Environments and Interactive Management**

In many industries, the environment is changing at an incredibly fast pace. Operating in such an environment is commonly referred to as being in a dynamic environment—chaos. Today’s managers must be able to thrive on chaos. But at the same time, change should be interactive.

According to Russell Ackoff, unlike reactive managers (who make changes only when forced to by external factors) and responsive managers (who try to adapt to the environment by predicting and preparing for change before they are required to do so), interactive managers design a desirable future and invent ways of bringing it about. They believe they are capable of creating a significant part of the future and controlling its effects on them. They try to prevent threats, not merely prepare for them, and to create opportunities, not merely exploit them. Rather than reacting or responding, interactive managers make things happen for their benefit and for that of their stakeholders.

IV. BUSINESS ETHICS

**Ethics** are the standards of right and wrong that influence behavior. Right behavior is considered ethical, and wrong behavior is considered unethical. Government laws and regulations are designed to govern business behavior.

However, ethics go beyond legal requirements. What is considered ethical in one country may be unethical in another. It is not always easy to distinguish between ethical and unethical behavior.

1. **Does Ethical Behavior Pay**?

Ethical behavior *is* worthwhile. Research studies have reported a positive relationship between ethical behavior and leadership effectiveness.

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| **CSQ** 2–**9. Do you believe that ethical behavior will pay off in the long run?**  Answers will vary, but students should realize the importance of ethics in business. |

1. **How Personality Traits and Attitudes, Moral Development, and the Situation Affect Ethical Behavior**
2. **Personality Traits and Attitudes**

In Chapter 9, you will learn more about personality. For now, you probably already realize that because of their personalities, some people have a higher level of ethics than others, as integrity is considered a personality trait. Unfortunately, a culture of lying and dishonesty is infecting American business and society, as these behaviors have become more acceptable.

1. **Moral Development**

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| LO 2–5. Compare the three levels of moral development.  At the lowest level of moral development, the preconventional level, behavior is motivated by self-interest and people seek rewards and attempt to avoid punishment. At the second level, the conventional level, behavior is motivated by a desire to maintain expected standards and live up to the expectations of others. At the highest level, the postconventional level, behavior is motivated by a desire to do the right thing, at the risk of alienating the group. The higher the level of moral development, the more ethical is one’s behavior. |

A second factor affecting ethical behavior is *moral development*, which refers to distinguishing right from wrong and choosing to do the right thing. People’s ability to make ethical choices is related to their level of moral development.

There are three levels of personal moral development, as outlined in Exhibit 2–11. At the first level, the *preconventional* level, a person chooses right and wrong behavior based on self-interest and the likely consequences of the behavior (reward or punishment). Those whose ethical reasoning has advanced to the second, *conventional* level seek to maintain expected standards and live up to the expectations of others. Those at the third level, the *postconventional* level, make an effort to define moral principles for themselves; regardless of leaders’ or the group’s ethics, they do the right thing.

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| **RQ** 2–**8. What are the levels of moral development?**  The three levels of moral development are preconventional, conventional, and postconventional. |

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| WORK APPLICATION Example student answer  **2–8. Give an example from an organization where you work or have worked of behavior at each of the three levels of moral development.**  At CDR Grocery, where I used to work, many of my coworkers displayed preconventional behavior by lying to look good. Also, many of my coworkers would display conventional behavior by taking longer breaks because they felt it was justified since “everyone else did it.” I displayed postconventional behavior because I tended to work faster than the rest of my coworkers when we stocked shelves, even though they complained about it. |

1. **The Situation**

A third factor affecting ethical behavior is the situation. Unsupervised people in highly competitive situations are more likely to engage in unethical behavior. Unethical behavior occurs more often when there is no formal ethics policy or code of ethics and when unethical behavior is not punished. In other words, people are more unethical when they believe they can get away with it. Unethical behavior is also more likely when performance falls below aspiration levels. People are also less likely to report unethical behavior (blow the whistle) when they perceive the violation as not being serious or when they are friends of the offender.

1. **How People Justify Unethical Behavior**

Most often, when people behave unethically, it is not because they have some type of character flaw or were born bad. Few people see themselves as unethical. We all want to view ourselves in a positive manner, and our mind echoes whatever we want to believe; this is called the “confirmation bias.” Therefore, when we do behave unethically, we often justify the behavior to protect our *self-concept* so that we don’t have a guilty conscience or feel remorse.

*Moral justification* is the process of reinterpreting immoral behavior in terms of a higher purpose. People who behave unethically say that they do so for the good of the organization or its employees. People at the preconventional and conventional levels of moral development more commonly use the following justifications:

* ***Displacement of responsibility*** is the process of blaming one’s unethical behavior on others.
* ***Diffusion of responsibility*** occurs when those in a group behave unethically and no one person is held responsible.
* ***Advantageous comparison*** is the process of comparing oneself to others who are worse.
* ***Disregard*** or ***distortion of consequences*** is the process of minimizing the harm caused by the unethical behavior.
* ***Attribution of blame*** is the process of claiming the unethical behavior was caused by someone else’s behavior.
* ***Euphemistic labeling*** is the process of using “cosmetic” words to make the behavior sound acceptable.

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| **RQ** 2–**9. How do people justify unethical behavior?**  People justify unethical behavior by using moral justification for the behavior, including displacement of responsibility, diffusion of responsibility, advantageous comparison, disregard or distortion of consequences, attribution of blame, and euphemistic labeling. |

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| WORK APPLICATION Example student answer  **2–9. Give at least two organizational examples of unethical behavior and the justification that was used in each instance.**  Moral justification—I lied to get competitor information only to help the company.  Advantageous comparison—I only take a long lunch once in a while; Tom does it all the time. |

1. **Simple Guides to Ethical Behavior**
2. **Golden Rule**

Everybody is familiar with the Golden Rule: “Do unto others as you want them to do unto you,” or “Don’t do anything to anyone that you would not want someone to do to you.” Following the Golden Rule will help you to be ethical.

1. **Four-Way Test**

Rotary International developed the four-way test to guide one’s thoughts and behavior in business transactions. The four questions are (1) Is it the truth? (2) Is it fair to all concerned? (3) Will it build goodwill and better friendship? (4) Will it be beneficial to all concerned? When making a decision, if you can answer yes to these four questions, your potential course of action is probably ethical.

1. **Stakeholders’ Approach to Ethics**

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| LO 2–6. Explain the stakeholders’ approach to ethics.  Managers who use the stakeholders’ approach to ethics create a win-win situation for the relevant parties affected by the decision. If you are proud to tell relevant stakeholders about your decision, it is probably ethical. If you are not proud to tell stakeholders or you keep rationalizing it, the decision may not be ethical. |

Under the **stakeholders’ approach to ethics**, when making decisions, you try to create a win-win situation for all relevant stakeholders so that everyone benefits from the decision. You can ask yourself one simple question to help you determine if your decision is ethical from a stakeholders’ approach: “Would I be proud to tell relevant stakeholders my decision?” If you would be proud to tell relevant stakeholders your decision, it is probably ethical. If you would not be proud to tell others your decision or you keep *rationalizing* it, the decision may not be ethical.

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| **RQ** 2–**10. What is the stakeholders’ approach to ethics?**  Under the stakeholders’ approach to ethics, when making decisions, you try to create a win-win situation for all relevant stakeholders so that everyone benefits from the decision. |

1. **Codes of Ethics**

*Codes of ethics*, also called *codes of conduct*, state the importance of conducting business in an ethical manner and provide guidelines for ethical behavior. Most large businesses have written codes of ethics.

1. **Discernment and Advice**

Research shows that using ethical guides at the point of making a decision helps keep you honest. If you are unsure whether a decision is ethical, talk to other people with high ethical standards.

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| **CSQ** 2–**10. Do you have your own guide to ethical behavior that you follow now? Will you use one of the guides from the text? If yes, which one and why?**  Answers will vary. |

1. **Managing Ethics**

An organization’s ethics are based on the collective behaviors of its employees. If each individual is ethical, the organization will be ethical. The starting place for ethics is you. From the management perspective, managers should establish guidelines for ethical behavior, set a good example, and enforce ethical behavior.

1. **Top Management Support and Example**

It is the responsibility of management from the top down to develop codes of ethics, to ensure that employees are trained and instructed on what is and what is not considered ethical behavior, and to enforce ethical behavior. However, the primary responsibility is to lead by example. Employees tend to look to managers, especially top managers, for examples of behavior. If managers are not ethical, employees will not be ethical.

1. **Enforcing Ethical Behavior and Whistle-Blowing**

If employees are rewarded rather than punished for their unethical behavior, they will engage in unethical business practices. Many organizations have developed ethics committees that act as judges and juries to determine if unethical behavior has occurred and what the punishment should be for violating company policy. More companies are establishing ethics offices to establish ethics policies, listen to employees’ complaints, conduct training, and investigate abuses.

As a means of enforcing ethical behavior, employees should be encouraged to become internal whistle-blowers. *Whistle-blowing* occurs when employees expose what they believe to be unethical behavior by their fellow employees.

1. **The Foreign Corrupt Practices Act (FCPA)**

The FCPA law bars U.S.–based or U.S.–listed companies from bribing foreign officials in exchange for business and requires them to keep accurate books and records. But it is sometimes hard to tell the difference between a legitimate business expense and a bribe.[[1]](#endnote-1) Thus, global companies need to clarify the difference in their code of ethics, and top managers must set the example, and penalties for unethical and illegal behavior must be enforced.

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| **CSQ** 2–**11. Can ethics be taught and learned?**  According to a study done at Harvard, the answer is yes; however, not everyone agrees. But most people realize that in learning about ethics and possible ethical situations, students are better prepared to handle ethics when the need arises on the job. |

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| WORK APPLICATION Example student answer  **2–10. Select a business and identify how it manages ethics.**  When I worked at Allstate Insurance, it had a code of ethics that stressed being fair to the policyholder. Top management did give a good example of ethical behavior. As an auto accident adjuster, I was not paid by commission, so there was no need for me to try to give people less money than it took to do the job correctly. My boss also reminded me to be fair to the customers; it was one criterion of my performance appraisal. |

V. SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Ethics and social responsibility are closely related. **Social responsibility** is the conscious effort to operate in a manner that creates a win-win situation for all stakeholders. It is often called *corporate social responsibility*,as CSR is an umbrella term for exploring the responsibilities of business and its role in society.

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| **RQ** 2–**11. What is social responsibility?**  Social responsibility is the conscious effort to operate in a manner that creates a win-win situation for all stakeholders. |

1. **Social Responsibility to Stakeholders**

Companies have a responsibility to try to create a win-win situation for stakeholders. For customers, the company must provide safe products and services with customer value. For society, the company should improve the quality of life, or at least not destroy the environment. The company must compete fairly with competitors. Through technology, the company should develop new ways of increasing customer value and the quality of life. The company must work with suppliers in a cooperative manner. It must abide by the laws and regulations of government. The company must strive to provide equal employment opportunities for the labor force. It must be financially responsible in relation to the economy. The company must provide shareholders with a reasonable profit. It must provide employees with safe working conditions with adequate pay and benefits.

1. **Does It Pay to Be Socially Responsible?**

Various researchers have tried to determine the relationship between social responsibility and financial performance. However, results have been inconsistent. Although there is no clear link between social responsibility and profits, it is certainly true that social responsibility does not hurt performance.

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| **CSQ** 2–**12. Do you believe that companies benefit from being socially responsible? Why or why not?**  Answers will vary. |

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| WORK APPLICATION Example student answer  **2–11. Select a business and identify how it is socially responsible on a specific issue.**  I’m the coach for the Blue Angels Little League baseball team in my hometown. I went to Pizza Plaza and got it to be our sponsor. Pizza Plaza paid for new uniforms, and on the back of each shirt it says “Pizza Plaza.” Pizza Plaza used social reaction by granting the request for sponsorship of the Blue Angels. |

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| JOIN THE DISCUSSION: ETHICS & SOCIAL RESPONSIBILITY – 2–3  TV Sex, Profanity, and Violence  Answers will vary based on opinion. |

1. **SUSTAINABILITY**

**Sustainability** is meeting the needs of the present world without compromising the ability of future generations to meet their own needs. It is the process of assessing how to design products that will take advantage of the current environmental situation and how well a company’s products perform with renewable resources.

1. **Sustainability Practices and Green Companies**

Sustainability is the responsible use of natural resources. Sustainability affects the way businesses use their money to invest in projects, goods, and services. By looking at how they consume resources, responsible businesses find ways to conserve resources for future consumption.

New ideas about consumption of resources are the most important part of sustainability. Every business should come up with goals and then execute the goals in order to effectively sustain the resource being consumed.

Within the last few years, a new corporate title has emerged at many organizations—chief sustainability officer (CSO). CSOs are in charge of the corporation’s environmental programs.

More and more companies around the world are doing their part to become more environmentally responsible, or “green.” A *green company* acts in a way that minimizes damage to the environment. Firms are going green by constructing energy-efficient buildings, installing or upgrading recycling systems, using renewable energy, purchasing environmentally preferable equipment and supplies, and working with one another and with surrounding communities to advance sustainability values.

1. **Organizations That Promote Sustainable Development**

Two include the World Business Council for Sustainable Development (WBCSD) and the International Institute for Sustainable Development (IISD). Visit www.wbcsd.org and www.iisd.org for more details.

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| **RQ** 2–**12. What are some ways in which businesses are going “green”?**  Firms are going green by constructing energy-efficient buildings, installing or upgrading recycling systems, using renewable energy, purchasing environmentally preferable equipment and supplies, and working with one another and with surrounding communities to advance sustainability values. |

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| **CSQ** 2–**13. Do you believe that all businesses should go “green”? Why or why not?**  Answers will vary. |

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| WORK APPLICATION Example student answer  **2–12. Select a business and identify its sustainability practices.**  I work for Walker Construction. We recycle all paper and plastic products at our office. Our office has LEED–certified interiors and exteriors. Also, all employees must turn off their computers at the end of each workday before they go home. And if you are the last employee to leave at the end of the day, your job is to turn out all the lights so that no electricity is wasted while no one is at the office. |

LEARNING OUTCOMES AND ANSWERS

The chapter summary is organized to answer the learning objectives for Chapter 2. They are also found at the end of the chapter and can be used as short-answer questions on exams.

*These learning outcomes are included in the test bank in the concept section.*

**2–1. Explain the five internal environmental factors.**

Management refers to the people responsible for an organization’s performance. Mission is the organization’s purpose or reason for being. The organization has human, physical, financial, and informational resources to accomplish its mission. The systems process is the method of transforming inputs into outputs as the organization accomplishes its mission. Structure refers to the way in which the organization groups its resources to accomplish its mission.

**2–2. List and explain the need for the two primary principles of total quality management (TQM).**

The two primary principles of TQM are (1) focusing on delivering customer value and (2) continually improving the system and its processes*.* To be successful, businesses must continually offer value to attract and retain customers. Without customers, you don’t have a business.

**2–3. Describe the three levels of organizational culture and their relationship to each other.**

Level 1 of culture is behavior—the actions employees take. Level 2 is values and beliefs. Values represent the way people believe they ought to behave and beliefs represent if-then statements. Level 3 is assumptions—values and beliefs that are deeply ingrained as unquestionably true. Values, beliefs, and assumptions provide the operating principles that guide decision making and behavior.

**2–4. Describe how the nine external environmental factors—customers, competition, suppliers, labor force, shareholders, society, technology, the economy, and governments—can affect the internal business environment.**

Customers decide what products the business offers, and without customer value, there are no customers or business. Competitors’ business practices often have to be duplicated in order to maintain customer value. Poor-quality inputs from suppliers result in poor-quality outputs without customer value. Without a qualified labor force, products and services will have little or no customer value. Shareholders, through an elected board of directors, hire top managers and provide directives for the organization. Society, to a great extent, determines what are acceptable business practices and can pressure business for changes. The business must develop new technologies, or at least keep up with them, to provide customer value. Economic activity affects the organization’s ability to provide customer value. For example, inflated prices lead to lower customer value. Governments set the rules and regulations that business must adhere to.

**2–5. Compare the three levels of moral development.**

At the lowest level of moral development, the preconventional level, behavior is motivated by self-interest and people seek rewards and attempt to avoid punishment. At the second level, the conventional level, behavior is motivated by a desire to maintain expected standards and live up to the expectations of others. At the highest level, the postconventional level, behavior is motivated by a desire to do the right thing, at the risk of alienating the group. The higher the level of moral development, the more ethical is one’s behavior.

**2–6. Explain the stakeholders’ approach to ethics.**

Managers who use the stakeholders’ approach to ethics create a win-win situation for the relevant parties affected by the decision. If you are proud to tell relevant stakeholders your decision, it is probably ethical. If you are not proud to tell stakeholders or you keep rationalizing it, the decision may not be ethical.

WORK APPLICATION SAMPLE ANSWERS

(Most of the answers are actual student answers or based on student answers. You may give these answers as part of your lecture before, after, or in place of getting student answers.)

*These work applications are included in the test bank in the application section.*

**2–1. State the mission of an organization, preferably an organization you work for or have worked for.**

The mission of Springfield College is to educate students in spirit, mind, and body for leadership in service to humanity by building upon its foundation of humanics and academic excellence.

**2–2. Illustrate the systems process for an organization you work for or have worked for.**

At McDonald’s we get inputs including meat, buns, lettuce, cheese, pickles, onions, sauce, and Big Mac boxes. We cook the all-beef patties and put them on a bun with lettuce, cheese, pickles, onions, and sauce. Then we put them in a box as our Big Mac output.

**2–3. Identify the quality and value of a product you purchased recently.**

I bought a used 2006 Honda Accord because of its reputation for being a quality automobile. My Honda was a good value because I got a good price on it, but more importantly, it provides me with the pleasure of being able to go where I want to go, when I want to go, and I’m doing it in a sporty-looking car with a standard shift.

**2–4. Identify the cultural heroes, stories, slogans, symbols, and ceremonies for an organization you are/were a member of.**

At Springfield College, I’ve heard that Dogget was a hero. I don’t recall any stories. The Springfield College triangle of spirit, mind, and body is the symbol used at the college. The Humanics Philosophy is a Springfield College slogan. There are a few awards ceremonies, such as Stepping Up Day.

**2–5. Describe the organizational culture at all three levels for a firm you work for or have worked for. Does the organization have a strong or a weak and a healthy or an unhealthy culture?**

I work at Abdows Big Boy Restaurant. Our major assumption is deeply ingrained so that is it the same as our values and beliefs. Our value and belief is customer satisfaction. We are trained, and see by example, how important it is to give quick, courteous service. One of the expected behaviors is to help others provide customer service. For example, if one table server is busy and another is not, you wait on tables that are not yours until the person catches up. Table servers also help bus people to clean tables when they are busy.

We have a strong and healthy culture. Everyone works together with similar behavior and values and beliefs to help Abdows succeed at meeting its mission.

**2–6. Give an example of how one firm’s competitors have affected that business.**

In East Longmeadow, there is a Big Y Supermarket that had no competitors nearby. However, an Edward’s Supermarket moved in across the street from Big Y. As a result, Big Y has lost some customers it would have kept if Edward’s had not moved in across the street.

**2–7. Give an example of how technology has affected one or more organizations, preferably one you work for or have worked for.**

When I used to shop at Costco Wholesale, it had two people at the checkout. One person would read the product numbers to the other one who would type them into the cash register. But now Costco Wholesale finally upgraded its technology to the modern computer scanners. Now it only needs one person at each cashier station. It is more accurate and faster at checking people out, so it has created customer value.

**2–8. Give an example from an organization where you work or have worked of behavior at each of the three levels of moral development.**

At CDR Grocery, where I used to work, many of my coworkers displayed preconventional behavior by lying to look good. Also, many of my coworkers would display conventional behavior by taking longer breaks because they felt it was justified since “everyone else did it.” I displayed postconventional behavior because I tended to work faster than the rest of my coworkers when we stocked shelves, even though they complained about it.

**2–9. Give at least two organizational examples of unethical behavior and the justification that was used in each instance.**

Moral justification—I lied to get competitor information only to help the company.

Advantageous comparison—I only take a long lunch once in a while; Tom does it all the time.

**2–10. Select a business and identify how it manages ethics.**

When I worked at Allstate Insurance, it had a code of ethics that stressed being fair to the policyholder. Top management did give a good example of ethical behavior. As an auto accident adjuster, I was not paid by commission, so there was no need for me to try to give people less money than it took to do the job correctly. My boss also reminded me to be fair to the customers; it was one criterion of my performance appraisal.

**2–11. Select a business and identify how it is socially responsible on a specific issue.**

I’m the coach for the Blue Angels Little League baseball team in my hometown. I went to Pizza Plaza and got it to be our sponsor. Pizza Plaza paid for new uniforms, and on the back of each shirt it says “Pizza Plaza.” Pizza Plaza used social reaction by granting the request for sponsorship of the Blue Angels.

**2–12. Select a business and identify its sustainability practices.**

I work for Walker Construction. We recycle all paper and plastic products at our office. Our office has LEED–certified interiors and exteriors. Also, all employees must turn off their computers at the end of each workday before they go home. And if you are the last employee to leave at the end of the day, your job is to turn out all the lights so that no electricity is wasted while no one is at the office.

REVIEW QUESTION ANSWERS

*These review questions are included in the test bank in the concept section.*

2–1. **What are the factors within the internal environment?**

The five internal environmental factors are management and culture, mission, resources, the systems process, and structure.

2–2. **What are the components of the systems process?**

The systems process has four components: (1) inputs, (2) transformation, (3) outputs, and (4) feedback.

2–3. **How is quality determined, and why do people buy products?**

Customers determine quality by comparing a product’s actual functioning to their requirements to determine value. People don’t simply buy a product itself. They buy the benefit they expect to derive from that product.

2–4. **What are the five artifacts of organizational culture?**

The five artifacts of culture are: (1) heroes, (2) stories, (3) slogans, (4) symbols, and (5) ceremonies.

2–5. **What are the levels of culture?**

The three levels of culture are behavior, values and beliefs, and assumptions.

2–6. **What is a learning organization?**

A learning organization has a culture that values sharing knowledge so as to adapt to the changing environment and continuously improve.

2–7. **What is the external environment?**

The organization’s external environment includes the factors outside its boundaries that affect its performance.

2–8. **What are the levels of moral development?**

The three levels of moral development are preconventional, conventional, and postconventional.

2–9. **How do people justify unethical behavior?**

People justify unethical behavior by using moral justification for the behavior, including displacement of responsibility, diffusion of responsibility, advantageous comparison, disregard or distortion of consequences, attribution of blame, and euphemistic labeling.

2–10. **What is the stakeholders’ approach to ethics?**

Under the stakeholders’ approach to ethics, when making decisions, you try to create a win-win situation for all relevant stakeholders so that everyone benefits from the decision.

2–11. **What is social responsibility?**

Social responsibility is the conscious effort to operate in a manner that creates a win-win situation for all stakeholders.

2–12. **What are some ways in which businesses are going “green”?**

Firms are going green by constructing energy-efficient buildings, installing or upgrading recycling systems, using renewable energy, purchasing environmentally preferable equipment and supplies, and working with one another and with surrounding communities to advance sustainability values.

COMMUNICATION SKILLS ANSWERS

Applications may also be used as class discussion questions or written assignments to develop communication skills.

*These communication skills questions are included in the test bank in the skills section.*

2–1. **Do you believe that most organizations focus on creating customer value?**

Answers will vary.

2–2. **Do you think that all organizations should use total quality management (TQM)? Explain your answer.**

Answers will vary, but students should realize the importance of the two TQM principles in all organizations.

2–3. **What is the relationship among management and mission, resources, the systems process, and structure? Which of these internal factors are ends, and which are means?**

Management determines the mission, resources, systems process, and structure; all affect organizational performance. The mission is an expression of the ends the organization strives to attain. The other internal environment factors are considered the means to achieve the ends.

2–4. **Which of the five artifacts, or important ways that employees learn about organizational culture, is the most important?**

Answers will vary.

2–5. **What is the difference between a strong and weak organizational culture, and which is preferable?**

Organizations with strong cultures have employees who subconsciously know the shared assumptions; consciously know the values and beliefs; agree with the shared assumptions, values, and beliefs; and behave as expected. A positive strong culture is preferred.

2–6. **What is symbolic leadership? Is it important?**

Symbolic leaders articulate a vision for an organization and reinforce the culture through slogans, symbols, and ceremonies.

Yes. As stated in the text, managing culture is an important part of top management. To successfully change or merge cultures, a strong symbolic leader is needed.

2–7. **What is a learning organization? Should a manager create one?**

A learning organization has a culture that values sharing knowledge so as to adapt to the changing environment and continuously improve.

Yes. Managers that don’t change with the environment will not be successful in the long run.

2–8. **If you can’t control the external environment, why be concerned about it anyway?**

Businesses should be concerned about the external environment because it can affect the business’s performance. Although a business can’t control the external environment, it needs to try to influence the external factors to its advantage, or at least adjust to them.

2–9. **Do you believe that ethical behavior will pay off in the long run?**

Answers will vary, but students should realize the importance of ethics in business.

2–10. **Do you have your own guide to ethical behavior that you follow now? Will you use one of the guides from the text? If yes, which one and why?**

Answers will vary.

2–11. **Can ethics be taught and learned?**

According to a study done at Harvard, the answer is yes; however, not everyone agrees. But most people realize that in learning about ethics and possible ethical situations, students are better prepared to handle ethics when the need arises on the job.

2–12. **Do you believe that companies benefit from being socially responsible? Why or why not?**

Answers will vary.

2–13. **Do you believe that all businesses should go “green”? Why or why not?**

Answers will vary.

APPLYING THE CONCEPT ANSWERS

*There are similar questions in the test bank in the application section.*

AC 2–1—The Internal Environment

b 1. Mission. Delivering pizza and buffalo wings is the business’s purpose.

e 2. Structure. A new department adds to the existing structure.

c 3. Management and culture. Focusing on the customer experience for repeat business is a shared value of how to conduct business.

d 4. Systems process. Inputs are being converted into outputs.

a 5. Management and culture. Management has authority to make decisions or to delegate the authority.

AC 2–2—Strong and Weak Cultures

a 6. Strong culture. It appears that there is conformity with everyone dressing similarly. If some people wear jackets and ties and others don’t, it’s optional and a weak part of expected behavior.

a 7. Strong culture. Stories are a part of a strong culture.

b 8. Weak culture. When expected behavior is not clear, there is a weak culture.

b 9. Weak culture. Unclear values are an indication of a weak culture.

a 10. Strong culture. The group is giving a “dirty look” to convey that ethical jokes are not acceptable behavior. Employees enforcing behavior comes from a strong culture

AC 2–3—The External Environment

i 11. Governments. The government can stop mergers and acquisitions when it believes society will be harmed by the business transaction.

g 12. Technology. A new material is a technology change.

b 13. Competition. AT&T lost its monopoly, as it has competition now.

h 14. The economy. The government can influence the economy through monetary policy of changing the amount of money in the economy.

e 15. Shareholders. They own the company and appoint top managers.

CASE ANSWERS

**LEGO**

2–1. Which internal environmental factor is the major reason for Lego’s success? Management & culture. LEGO has always had a very special and caring management team. The company has been passed from one generation to the next with special care to always help children learn and for LEGO to be profitable.

2–2. LEGO’s new program using recycled supplies reflects what level of culture? Level 3. Level 3 is assumptions—values and beliefs that are deeply ingrained as unquestionably true. Values, beliefs, and assumptions provide the operating principles that guide decision making and behavior. Consequently, when LEGO made a mistake and didn’t use suppliers that are part of the Forest Stewardship Council, it accepted the responsibility and made the changes necessary to use suppliers that also believe in sustainability.

2–3. Which external environmental factor in this case is least important to LEGO’s success? The pressure to make a change, in this case, did not come from a particular government. So it could be said that the government influence was the least important environmental factor.

2–4. Which external environmental factor, in this case, is most important to LEGO’s continuing success? Society. The social activist group Greenpeace was the external factor that made LEGO aware its supplier was not using sustainable measures to protect the environment.

2–5. Is LEGO engaged in socially responsible behavior? It would like to be after making the agreement with Greenpeace. Its 2012 report is extensive and shows great concern for product safety, employee safety, and sustainability.

2–6. Would LEGO be considered a “green” company? Since 2011, LEGO would be more green than it was before 2011. The 2012 report indicates it has reduced packaging by 18 percent.

2–7. Does LEGO have a strong or weak culture? A strong culture based on being an ethical and value-oriented company that likes to help children to learn and play.

2–8. Can you think of any other ways LEGO could improve its sustainability practices? LEGO could evaluate if it needs to improve the recycled aspects of using plastic in its actual LEGO blocks.

**Cumulative Case Questions**

2–9. Which manager’s resources have given LEGO a competitive advantage over its competitors? (Chapter 1) Organizational resources include human, financial, physical, and informational. Although answers can vary, the management team is known to make great business decisions (human resources). They also possess a very strong financial situation, which allows them to grow globally.

2–10. How does LEGO’s new recycling program highlight the four management functions? (Chapter 1) Planning, leading, organizing, and controlling. LEGO should have planned better and realized that APP was not a sustainable supplier. However, by working with Greenpeace, we believe LEGO is being a leader by using sustainable suppliers. LEGO will be able to use its vast resources to organize its supply chain and control the process to make sure the chain is always helping to provide sustainable supplies.SKILL BUILDER 2–1 IDEAS

**Ethics and Whistle-Blowing**

*Total Time* (0–30 minutes)

Select a total amount of class time you want to spend on the exercise. Much of the learning takes place in the out-of-class preparation, but it is reinforced in class. Based on the amount of time you want to spend, select options. For example, if you only want to spend 10 minutes on the exercise, just do Procedure 1 and skip Procedure 2, making quick concluding remarks. Times will vary with the size of your class and the amount of discussion.

You may want to focus your discussion on whether students/employees should blow the whistle. Are some unethical behaviors enough to warrant whistle-blowing and others not? If so, which ones should you blow the whistle about and which shouldn’t you?

You may want to remind students that they do not have to reveal their ethics score.

Doing Skill Builder 2–1 in Class

Objective

To determine your level of ethics.

Preparation

Students should have completed the preparation for this exercise.

Experience

Have students share their answers to the discussion questions, but don’t request them to share their ethics score.

Procedure 1 (5–10 minutes)

Write the numbers 1 through 20 on the board. For each statement, have students raise their hands if they observed this behavior, and again if they reported the behavior. Write the numbers on the board. (Note: Procedures 1 and 2A may be combined.)

Procedure 2 (10–20 minutes)

*Option A.* As you take a count of the students who have observed and reported unethical behavior, lead a discussion on the statements.

*Option B.* Break the class into groups of 4 to 6 and have students share their answers to the discussion questions at the end of the preparation part of this exercise. The groups may be asked to report their general consensus to the entire class. If so, select a spokesperson before the discussion begins.

*Option C.* Lead a class discussion on the discussion questions at the end of the preparation part of this exercise.

Conclusion

Lead a class discussion and/or make concluding remarks.

Sharing

Volunteers give their answers to the Apply It section.

SKILL BUILDER 2–2 IDEAS

**The Organizational Environment and Management Practices Analysis**

*Total Time* (0–50 minutes)

Select a total amount of class time you want to spend on the exercise. The skill development comes from the out-of-class preparation and is reinforced in class. You could choose to have students pass in the preparation rather than spend class time on the exercise.

If you want to devote class time to the exercise, select one of the options and follow the procedures in the textbook.

Doing Skill Builder 2–2 in Class

Objective

To determine an organization’s environment, culture, ethics, social responsibility, and sustainability.

Preparation

Students should have completed the organizational environment preparation before class.

Experience

The primary skill building comes from the preparation for this exercise. Class members will share their answers to the preparation questions to reinforce learning.

Procedure (10–30 minutes)

*Option 1.* The class breaks into groups of 3 to 5 members. Each member tells the others his or her answers to the preparation questions. One student’s example may be selected and presented to the entire class.

*Option 2.* Call on different students to give their answers to different parts of the preparation.

Conclusion

Lead a class discussion and/or make concluding remarks.

Sharing

Volunteers give their answers to the Apply It section.

Testing on Skill Builder 2–2

The preparation for this exercise can also be typed up and passed in, as an individual or group project, and graded. The 22 questions from the exercise are in the skills section of the Test Bank. You should make it clear to students that specific (all) questions may be on the test as skill-building questions.

1. J. Palazzolo, Is it a bribe…or not? *Wall Street Journal* (July 22, 2013), R3. [↑](#endnote-ref-1)