

## Chapter 5: Strategic Management and Corporate Public Affairs

This chapter provides an insight into how corporations currently deal with the issues that lie at the intersection of business operations and social issues. You should find this chapter quite interesting as more and more companies are employing corporate public policy as part of its strategic management process. Furthermore, it provides information about a potentially fascinating and important career path. As this chapter shows by relating corporate public policy to the firm's strategic planning process, public policy professionals can play a key role in setting the strategic direction for the firm and working in concert with a firm's board of directors and other members of top management. Playing a role in this process gives the public policy staff a significant say in both the firm's values and operations, and the role it plays in its society. Another important facet of the chapter is its emphasis on the proactive position firms now take toward social issues. Following the evolution of corporate social responsibility to responsiveness to performance, corporate public affairs departments are at the cutting edge of determining how firms will respond to current social issues and how firms report their efforts in those areas. The better public affairs departments actively scan the environment specifically to identify looming issues before they become critical.

- [Strategic Management Process](#) (4:35)
- Website: [Strategic Management Process](#)
- [Public Affairs Management](#) (1:35)

## Chapter 6: Issue, Risk, and Crisis Management

The decision-making processes known as issues management and crisis management are two important ways that organizations deal with internal issues (e.g., corporate scandals, litigation, employee rights, sexual harassment, product safety, workplace safety, sweatshops, bribery and corruption, smoking in the workplace, and deceptive advertising) and external issues (e.g., natural disasters and terrorist attacks). This chapter introduces the concepts of issues management and crisis management, distinguishes between them, and describes their similarities. This chapter provides the “juicy” cases of issues that companies deal with on a daily basis—worker relations, pollution and sustainability, Affirmative Action, product liability, and many others. Although the chapter focuses on the *process* of issues and crisis management, students should be given ample opportunity to discuss actual and hypothetical crises. Case analyses will provide a glimpse into the complexities involved in both of these increasingly important areas of management.

- [Difference Between Issues & Crisis Management?](#) (2:40)
- [How to manage risks and issues](#) (2:10)

## Chapter 7: Business Ethics Fundamentals

Chapter 7 introduces concepts and background that are essential to understanding business ethics. Most of you have given little thought to the whole issue of ethical decision-making. One effective way to learn the element of moral decision-making is to watch business ethics related video clip from YouTube or read a short passage that presents a clear moral dilemma (e.g., Case 10, Phantom Expenses) and then ask *how* you would make a decision about that scenario. Note that when you describe *how* you would make their decision, you may describe the use of an ethical principle (i.e., the principles approach) and you may also discuss the use of societal norms in your decision-making process (i.e., the conventional approach). Consequently, this exercise is an opportunity to introduce the three major approaches to business ethics as well as Kohlberg's three levels of moral judgment.

This chapter focuses on two primary topics—the environment within which business ethics decisions are made and how managers go about making those decisions. By maintaining a clear focus on moral judgment, the authors provide a strong explanation of that process. However, by doing so, they also fall into the trap to which most moral philosophers succumb: neglect of other elements of moral behavior. James Rest, a contemporary of Lawrence Kohlberg, developed what he termed a Four Component Model of Moral Behavior, which outlines the psychological steps that must occur for moral *action* to occur. As Rest says, "...there is more to moral development than moral *judgment* development..." (*Moral Development in the Professions*, 1994, page 22). Rest's four components include:

1. Moral sensitivity – an awareness that a moral situation exists
2. Moral judgment – judging which action is morally right/wrong
3. Moral motivation – prioritizing moral values relative to other values
4. Moral character – courage to carry out the morally right action

There is no question that judgment is a critical element in moral behavior, but it is only one element. Without recognition of the other components, you will not gain a full understanding of moral behavior within organizations.

- [why business ethics?](#) (1:48)
- [Introduction to Business Ethics](#) (2:07)

## Chapter 8: Personal and Organizational Ethics

Chapter 8 has two primary purposes, the first of which is to explore some of the various ways to make judgments about ethical dilemmas. The authors present two approaches to making moral judgments, the principles approach, and the ethical tests approach. The second purpose is to discuss ways in which managers can improve the moral culture and behavior of their organizations. This chapter gets into what many philosophers consider the heart of ethics—how to make judgments about ethical dilemmas and come to justifiable decisions about them. As you will quickly note, there is a bewildering collection of ways to make moral judgments. The authors introduce and discuss eight different principles and seven different ethical tests that a manager might use to think about moral dilemmas in the business context. In addition to these

fifteen concepts, the authors also provide a table with fourteen additional principles (although to be fair, there is some overlap between the table and text) and methods to reconcile conflicts among the various approaches.

A particular strength of this chapter is the authors' emphasis on the ethical climates within organizations, and the profound influence they have on individuals' moral judgments. Although the textbook cannot do full justice to this idea (due to space limitations), there is strong evidence of the overwhelming power of organizational climates on individual ways of thinking, feeling, and acting. Even Lawrence Kohlberg, the pioneer of the cognitive moral development field, recognized the influence of group forces over the individual's ethical decision making, stating, "Individual moral action usually takes place in a social or group context and that . . . context usually has a profound influence on the moral decision making of individuals." If we recognize the strong influence of organizational climate in conjunction with Kohlberg's observation that most adults make moral judgments at his level 2, we can see why organizational members are so compliant with their bosses' demands or even mere suggestions. Instructors will do well to emphasize the influence of organizational climate, because the prevailing assumption among Americans is that individuals make individual choices, largely unaffected by "outside" influences. The Ethical Decision-Making Process illustrated in Figure 8-8 demonstrates how the ethical principles and tests introduced in this chapter are utilized by organizations through the conduct of top management and corporate codes of conduct.

- [Ethical Tests Approach](#) (5:07)

Major principles of Ethics (from philosophy)

- [Utilitarianism](#) (10:00)
- [Kant's Categorical Imperative](#) (10:26)
- Principle of Rights
- Principle of Justice
- Ethical Due Process
- [Rawl's Principle of Justice](#) (3:25)
- Ethics of care
- Virtue ethics
- [Servant leadership](#) (2:49)
- [The Golden Rule](#) (1:59)

## **Chapter 9: Business Ethics and Technology**

The use of technology has increased our standard of living tremendously. However, it has also raised many questions that directly affect people's lives. The authors list four categories of undesirable side effects of technology: (1) environmental pollution, (2) depletion of natural resources, (3) technological unemployment, and (4) creation of unsatisfying jobs. Items 3 and 4, technological unemployment and the creation of unsatisfying jobs, are perhaps the factors that

will affect you most directly. Technology is no longer replacing just manual labor—mid-level managers are now being “downsized” due to technological improvements.

- [How does the Internet Actually Work?](#) (3:41)
- [Social Media Revolution](#) (2:28)
- [Protect Your Personal Digital Privacy](#) (1:33)
- [IT helps bosses track workers more closely](#) (3:34)

## **Chapter 10: Ethical Issues in the Global Arena**

You will likely have a vague notion of multinational corporations (MNCs) and the difficulties of operating in widely divergent nations and cultures. Some of the most intractable ethical issues arise in developing countries, due to the vast differences in the level (or stage) of economic development in the home and host countries. For example, a company based in the United States is more likely to encounter difficult ethical issues by operating in Sudan than if it opened a branch in Germany. Part of this difference in ethical standards is due to culture (northern European countries are more culturally similar to the United States than is Sudan), but a significant portion can also be traced to historic and continuing discrepancies in the position of countries in the world economy.

- [Nike Sweatshop](#) (2:57)
- [Nestle Infant Formula Controversy](#) (3:19)
- [Bhopal plant crisis](#) (9:49)
- SA 8000: [Social Accountability 8000](#) (8:59)

Website for Initiatives Against Bribery

- [Foreign Corrupt Practices Act](#) by the Department of Justice
- [Transparency International](#)
- [OECD Antibribery Initiatives](#)
- [UN Convention Against Corruption](#)