### SESSION PLANS

**COURSE:** ABE Level 6 Business Ethics and Sustainability

**ELEMENT:** Element 5 – Business ethics in responsible management practice

## **LEARNING OUTCOME 5**

**Analyse the influence of organisational culture and leadership on business ethics with focus on marketing and human resource management (20%)**

5.1 Critically evaluate how organisations’ culture and leadership can influence approaches to ethical decision-making.

5.2 Assess the opportunities and challenges for differing types of organisation to effectively integrate ethical decision-making into the

marketing mix and human resource management.

**NUMBER OF SESSIONS:** Four - approximately sixteen hours in total, plus self-study

**SESSION TOPICS:** Session 1: Organisational culture and ethics

Session 2: Leadership and ethics

Session 3: Marketing and ethics

Session 4: HRM and ethics

Note to tutors: these are the recommended session outlines for learning outcome 5 of the ABE Level 6 Business Ethics and Sustainability. You should follow the plan, using the resources (referenced as ‘slides’) and activities provided. It is important to enhance all sessions with local examples and case studies, involving the learners ACTIVELY wherever possible.

### SESSION 1: Organisational culture and ethics

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| **Approx.**  **Duration** | **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative assessment** |
| 3-4 hours | Introduction to session and learning outcomes | Use file: **6UBES Presentation E5**  Introduce Assessment criteria 5.1 | 1- 4 |  |  |
|  | Defining organisational culture and ethics | Values, beliefs and behaviours of an organisation and its members that support positive ethical actions regarding societies, environments and economies | 5 | Listen, make notes and ask questions as necessary |  |
|  | Organisational culture indicators | Institute for Business Ethics research shows that cultures for strong ethics have clear values, supported from the top, that are used to inform codes/policies, and are effectively monitored.  Present findings on indicators of culture:   * Customer satisfaction data * Health and safety record * Employee turnover * Whistle-blowing statistics * Training programmes * Codes of conduct * Values statements * Organisational structure * Remuneration and incentives at all levels * Targets * Misconduct procedures * IBE (2016) | 6 - 7 | *Classroom discussion*: Students comment on how each of these indicators would suggest strong organisational ethics |  |
|  | Dimensions of National Culture (Hofstede) | Explain that Hofstede (1983) identified five main dimensions of national culture which are seen to influence organisational life.  **Power Distance**  High power distance cultures based on hierarchical relationships accept more inequality between individuals, and business authority is rarely challenged. Accountability for ethical decision-making sits firmly with senior management who are responsible for decision making. Since there is a higher tolerance for being treated unfairly, there may be less expectations for organisations to act ethically and customers may be less likely to complain.  In low power distance cultures, accountability is linked to job role, at whatever level of the organisation that may be. Individuals in low power distance countries are not scared to question decision makers and to openly express opinions.  **Individualism**  In high individualistic cultures ties are loose and individuals are expected to look out for themselves. In low individualist cultures (collectivist), people stay in cohesive and loyal groups. Such collectivist cultures may lead to a strong customer motivation to buy from an ‘ethical’ company in order to be associated with this organisation which works towards collective gain. The high degree of loyalty will mean they are less likely to switch to less ethical companies, even if they are selling at a lower price.  **Masculinity**  In high masculine countries behaviour is expected to be assertive, tough and focused on material success. The focus is on material goods, status, accomplishment, reward and ambition. Individuals are willing to sacrifice leisure time in order to ‘win’ at business. Ethical practice would imply monitoring and control mechanisms, and punishments for unethical behaviour. Low masculine (feminist cultures) are identified by a more modest, caring approach based on supporting others and human needs  **Uncertainty avoidance**  Societies with low uncertainty avoidance are comfortable with ambiguity, reflected for example in loose contractual details. Societies with high uncertainty avoidance prefer clear rules and guidelines and avoid any ambiguity.  **Long term versus short term orientation**  In long term oriented cultures, employees will seek to cultivate long term rewards rather than short term benefits. The long-term orientation is linked to building trust through ongoing, loyal relationships and a focus on family and discipline. A long-term orientation might encourage ethical practices through the perceived benefits to society, rather than a short term orientation towards more immediate gain. | 8-9 | Listen, make notes and ask questions as necessary |  |
|  | Global differences: attitudes to corruption | Explain that this is a feature of many countries, and that the organisation ‘Transparency International’ notes that corruption has costs politically through developing democracy, economically through depleting national wealth, socially through eroding trust and environmentally through the lack of enforcement of environmental regulations  For organisations working within cultures where corruption is ingrained into ‘the way business is done’, it is important for staff to be trained to recognise, understand and respond to such ethical challenges. This is important since staff may be unsure whether it is appropriate to accept gifts for example, which is perfectly normal in Eastern cultures, but in the West can be seen as a form of bribery. | 10 | Students discuss ethical dilemmas in groups or as a class:  Ethical dilemmas!  You are a sales manager for a large organisation. You have been approached by an overseas partner who has asked for a large commission in return for securing a large deal. Should you pay the commission?  You receive a very expensive gift from one of your suppliers, who you have spent a considerable amount of time with ensuring their satisfaction. What should you do?  Students think of situations which could cause an ethical dilemma in their workplace. They can use the ‘Say No Tookit’ for ideas if they like. Present the dilemmas to classmates for discussion. | **6UBES E5 LO5 Activity 7 – Management Applications – Ethical Dilemmas** |
|  | Hofstede’s dimensions of national culture |  |  | Students read the article on Thai and US differences according to Hofstede’s dimensions of culture and answer questions. (Could be completed for homework) | **6UBES E5 LO5 Activity 1 – Hofstede’s Dimensions of National Culture** |
|  | Review of session and learning outcomes | Ask students questions based on discussions that have occurred in class in order to clarify individual and group learning |  |  |  |

### SESSION 2: Leadership and ethics

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| **Approx.**  **Duration** | **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative assessment** |
| 3-4 hours | Introduction to session and learning outcomes | Use file: **6UBES Presentation E5**  Re-cap learning from session 1 | 11 |  |  |
|  | Defining ethics and leadership | Explain that this refers to the role of senior management in encouraging and influencing ethical behaviour throughout the organisation. It is an important consideration, and much more likely to influence organisational behaviour than codes of conduct alone. | 12 | Listen, make notes and ask questions as necessary |  |
|  | Characteristics of ethical leader | Explain that this is taken from a research paper in the reading list:   1. **Articulate and embody the purpose and values of the organisation**   It is important for leaders to give a positive example through their own behaviours. This is especially important when business leaders are prominent in society and must act as role models. This can cause serious reputational and financial problems for an organisation when leaders are caught up in scandals.   1. **Focus on organizational success rather than personal ego**   Ethical leaders focus on the goals and dreams of the organization and recognise that employees drive organisational success. A prime example of this is US based Dan Price, founder of a credit processing payment company who funded a raise in the minimum salary to $70,000, by cutting down his salary.   1. **Find the best people and develop them**   This is fundamental to effective leadership, and involves taking ethics and character into account in the selection process. Ethical leaders consider evaluating integrity as more important than evaluating skills and experiences. Tactics for recruiting staff with integrity can include using ethical scenarios, or using integrity testing. This form of personality testing focuses on assessing a person’s honesty and dependability.   1. **Create a living conversation about ethics, values and the creation of value for stakeholders**   To engrain ethical values, leaders need to inspire employees through regular discussion of issues, rather than just taking a compliance based approach.   1. **Create mechanism of dissent**   It is important that employees are able to express dissatisfaction with leaders’ actions. Through engaging employees in this way, damaging and costly mistakes can be avoided. This can be facilitated through establishing ‘whistle-blowing’ systems.  Whistle-blowing: This is a relatively new business approach in Asia which are based on close-knit business communities which place high value on company loyalty and can view whistle-blowing as a form of spying. The importance of whistle-blower protection is addressed in many international initiatives. G20 Summits made up of governments and central bank governors from the top twenty major economies for example support principles for whistleblower protection legislation developed by the OECD (2012). The OECD reported that the UK, the USA, Australia, Canada, Ghana, Korea, New Zealand, Romania, and South Africa had the most comprehensive legislation.   1. **Take a charitable understanding of others’ values**   Ethical leaders are said to understand why different people make different choices, and to enable people to do the right thing rather than just focusing on preventing people from doing the wrong thing.   1. **Make tough calls while being imaginative**   Ethical leaders face dilemmas, and will need to make difficult decisions, and they constantly strive to do the ‘right’ thing morally and for the business.   1. **Know the limits of the values and ethical principles they live**   Ethical leaders know that ethical values, like any values, cannot be prescribed and followed in exactly the same way in all situations. They need to be related to the context, and leaders need to use judgement in their application. Consideration of local cultural context is particularly important for ethical leaders.   1. **Frame actions in ethical terms**   It is recognised that while taking responsibility for making sound moral judgements, ethical leaders recognise that their own values may be a poor guide, so are open to new ideas through listening to the values of others. They understand that actions need to be based on a consideration of all stakeholders, and how leading in a certain way will affect their character, and the character of others.   1. **Connect the basic value proposition to stakeholder support and societal legitimacy**   Ethical leaders recognise that the purpose of business is to create value for stakeholders, in a way which meets society expectations, within an ethical approach. | 13  14  15 | Listen, make notes and ask questions as necessary  *Class discussion*: What processes (if any) are in place at country and organisational level for students’ workplaces? Can they make any suggestions for improvements? |  |
|  | Influence of personal and organisational values | **PERSONAL VALUES**  Our values define our aspirations. They drive our loyalty, trust and decision making  **ORGANISATONAL VALUES**  These are the defining characteristics of an organisation, showing what the organisation cares about and how it informs goals | 16 | Listen, make notes and ask questions as necessary |  |
|  | Journal: Leadership |  |  | Students work in pairs -  Work in pairs to highlight the key points of this article. One person is to outline key points of how the 8 selected leadership styles apply to differing cultures/religions, the other person is to outline which leadership styles are discussed according to each of the presented ethical theories. When students have shared findings, discuss how their experience of the religious context of the country in which they live influences the dominant leadership style(s). Report back to the class. | **6UBES E5 LO5 Activity 2 – Management of Applications of Business Ethics - Leadership** |
|  | Review of session and learning outcomes | Ask students questions based on discussions that have occurred in class in order to clarify individual and group learning |  |  | Complete assessment criterion 5.1 |

### SESSION 3: Marketing and ethics

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| **Approx.**  **Duration** | **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative assessment** |
| 3-4 hours | Introduction to session and learning outcomes | Use file: **6UBES Presentation E5**  Re-cap sessions 1 and 2 | 17 |  |  |
|  | Defining ethical marketing | Honesty, truth, fairness and responsibility in marketing activities. | 18 | Listen, make notes and ask questions as necessary |  |
|  | Consumer privacy | Consumer rights to control information which is collected about them, along with how it is stored, used and shared.  Privacy policies are featured on many global corporate websites and typically include sections on:   * How and why personal information is collected * How personal information is used and protected; * When and with whom personal information is shared * What choices you can make about how personal information is collected, used and shared   Increasing technology enables greater sophistication in collection, and greater privacy concerns. There are some very advanced gadgets such as Disney Magic+ pass which works on an ‘opt in’ basis | 19 | Listen, make notes and ask questions as necessary |  |
|  | Marketing Mix: product | Consumers’ rights to products and services that are safe and fit for purpose  To what degree should organisations be responsible for how consumers use that product? Consider the role of warnings in the use of potentially dangerous products.  Are products environmentally friendly?  Are labour conditions in supply good?  Are fair prices charged? | 20 | Listen, make notes and ask questions as necessary  *Classroom discussion*: To what degree should organisations be responsible for how consumers use that product? |  |
|  | Marketing Mix: price | Consumers’ rights to a fair price, in an open and competitive marketplace  **Excessive pricing**  This can occur when consumers have little choice about what or when they can purchase. This also referred to as price gouging.This is commonly associated with collusion between organisations to fix prices above the market rate. Although this is illegal in most parts of the world, problems can arise when such practices are undetected. For example, the controversial rise in holiday prices during the school holiday season. Often a problem where needs are great for products – housing/medicine ….  **Predatory pricing**  This is when organisations set prices at lower than the market rate in order to force out competition. For example, Amazon was accused of predatory pricing, selling books at heavily discounted prices in order to capture control of the market. This is described as restrictive to new works being published since authors receive less and less.  **Deceptive pricing**  This is unfair pricing, since advertised prices do not reflect the full price that consumers will need to pay. The full price is often only found in the small print details. lt also refers to misleading pricing. This can occur in ‘supermarket’ wars, where illusions of cost savings are given through discounts, but they were only sold at full price for very short periods, or where producers reduce packaging size without informing consumers. | 21 | Listen, make notes and ask questions as necessary  *Classroom discussion*: Students to discuss in pairs their personal experiences of:  Excessive pricing  Predatory pricing  Deceptive pricing  Share finding with whole class |  |
|  | Marketing Mix: place | Responsibilities for good practice in supply chain distribution of goods and services  **Labour practices** (issues of modern day slavery which will be returned to at the end of the chapter)  **Equal relationships** (not abusing power through being a larger organisation and negotiating unfair terms with smaller suppliers)  **Fair prices** (paying suppliers a fair price) | 22 | Listen, make notes and ask questions as necessary |  |
|  | Marketing Mix: promotion | Two issues:  **Consumer deception**: creating false beliefs in consumers’ minds. Need accurate product descriptions. This can be difficult since promotions are often based on exaggeration of features and benefits.  **Societal responsibilities:** Often regulated to ensure promotion is not offensive or harmful. Consider the impacts of marketing on society, especially important to vulnerable groups (such as children), and with particular products (such as tobacco or alcohol). | 23 | Listen, make notes and ask questions as necessary |  |
|  | Journal: ethics of marketing to children |  |  | Students read case study on marketing to children and answer questions. Discuss opinions in small groups/as a class | **6UBES E5 LO5 Activity 3 – Management of Applications of Business Ethics - Marketing** |
|  | Review of session and learning outcomes | Ask students questions based on discussions that have occurred in class in order to clarify individual and group learning |  |  |  |

### SESSION 4: HRM and ethics

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| **Approx.**  **Duration** | **Topic** | **Tutor Activity** | **Slides** | **Learner Activity** | **Formative assessment** |
| 3-4 hours | Introduction to session and learning outcomes | Use file: **6UBES Presentation E5**  Re-cap sessions 1, 2 and 3 | 24 |  |  |
|  | Defining HRM and ethics | The role and duties of employees as stakeholders in the organisation, and ethical issues for managing employees in differing cultural contexts.  Set out key topics to be covered (and that further smaller points are included in the study guide) - Discrimination, Sexual and racial harassment, equal opportunities, employee privacy, working conditions | 25-26 | Listen, make notes and ask questions as necessary |  |
|  | Discrimination | **Discrimination** refers to situations where employees are given preferential, or less preferential treatment on the basis of human characteristics (age, gender, religion, disability, nationality, marital status, gender reassignment, sexual orientation, physical appearance) rather than their job performance or qualifications.  A focus on gender discrimination is relevant to many countries – 5% or less of the Chief Executive Officers (CEOs) of the world’s largest corporations are women (ILO). | 27 | Listen, make notes and ask questions as necessary |  |
|  | Equal opportunities | **Recruitment policies**  This covers equal opportunity to employment through ensuring advertisements are placed appropriately, specific criteria are set out for applicant suitability, standardising interview questions, deliberately trying to increase the proportion of women, disabled or racial minorities or other under-represented groups  **Fair job criteria**  This can present some ethical challenges, since job criteria inherently make jobs not applicable to some applicants. However, it is important that certain groups are not disadvantaged, through for example offering flexible working patterns to enable applications from those responsible for childcare.  **Promotion to senior positions**  This ensures under-represented groups are able to access senior management positions, through offering training and supportive working conditions such as remote working, care leave, paternity leave and career breaks. This extends to organisational policies to foot the bill for part of the bill for services like IVF and egg-freezing in an effort to recruit and retain talented women. Such programmes are particularly popular in the USA’s Silicon Valley  **Training programmes for discriminated minorities**  This is a contentious issue since organisations cannot reasonably be expected to remedy societal discriminations that exclude certain groups through for example socio-economic considerations and associated levels of qualification. However, organisations can engage in pre-recruitment training programmes for under-represented groups. | 27 | In pairs, students should research/be given job ads/descriptions, and identify to which degree they demonstrate equality of opportunity | **6UBES E5 LO5 Activity 6 – Equality of opportunity** |
|  | Employee privacy | This links to the previous discussion on data privacy as part of marketing research, and relates to employees’ ability to control what information is held, and how it is shared inside and outside the workplace. This includes electronic surveillance and whether it is legitimate for communications (whether by phone, email or social organisations to be able to monitor the use of personal media).  Health and drug testing is another contested issue, and is routine in the US where there is a strong culture of litigation if employees or customers feel they have been placed at risk from someone’s use of drugs, alcohol or if they are sick. In many countries, testing is currently limited to specific industries, although organisations are obliged to ensure they meet Health and Safety regulations. | 28 | Students are divided into 2 groups to debate employee drug/alcohol testing.  **Fo**r: If people are ‘free to give consent to testing, they can refuse and this is not safe, organisational costs are high through lost productivity, litigation, absenteeism, injury, insurance and so on.  **Against**: It is an invasion of a person’s private life and body, just because a person refuses it does not mean they have got anything to ‘hide’ but might be treated unfairly, the results might not be reliable. | **6UBES E5 LO5 Activity 5 – Employee Privacy - The Debate** |
|  | Working conditions/fair wages | This is an increasingly important topic as part of CSR/sustainability reporting on social issues, and meeting governmental regulatory requirements for organisational commitments to managing these conditions in supply chains. Workers health and safety needs to be ensured, along with fair working conditions such as fair contracts and pay. | 28 | Listen, make notes and ask questions as necessary |  |
|  | Modern day slavery | [**Forced labou**r](http://www.antislavery.org/slavery-today/forced-labour/) – any work or services which people are forced to do against their will under the threat of some form of punishment.  [**Debt bondage**](http://www.antislavery.org/slavery-today/debt-bondage/)**or bonded labour** – the world’s most widespread form of slavery, when people borrow money they cannot repay and are required to work to pay off the debt, then losing control over the conditions of both their employment and the debt.  [**Human trafficking**](http://www.antislavery.org/slavery-today/human-trafficking/)– involves transporting, recruiting or harbouring people for the purpose of exploitation, using violence, threats or coercion.  [**Descent-based slavery**](http://www.antislavery.org/slavery-today/descent-based-slavery/) – where people are born into slavery because their ancestors were captured and enslaved; they remain in slavery by descent.  [**Child slavery**](http://www.antislavery.org/slavery-today/child-slavery/) – child slavery is often confused with child labour, but is much worse. Whilst child labour is harmful for children and hinders their education and development, child slavery occurs when a child’s labour is exploited for someone else’s gain. It can include child trafficking, child soldiers, child marriage and child domestic slavery.  [**Forced and early marriage**](http://www.antislavery.org/slavery-today/child-marriage/) – when someone is married against their will and cannot leave the marriage. Most child marriages can be considered slavery.  Present statistics on slavery, and explain how it is a global problem across many differing sectors. Modern day slavery is directly addressed in the Sustainable Development Goals discussed as part of the 2030 Agenda for Sustainable Development in chapter 4, is addressed within the UN Global Compact and the Global Reporting Initiative indicators. The ILO are currently leading a campaign to encourage governments to ratify its Protocol on Forced Labour. The ’50 for Freedom Campaign’ aims for at least 50 countries to sign up before 2018, in order for it to become an international treaty. | 29-30 | Listen, make notes and ask questions as necessary |  |
|  | Journal: HRM and ethics |  |  | Students read the case study on HRM practices and link to Confucianism principles – can work individually or in pairs/complete for homework | **6UBES E5 LO5 Activity 4 – Management of Applications of Business Ethics - HRM** |
|  | Review of session and learning outcomes | Ask students questions based on discussions that have occurred in class in order to clarify individual and group learning |  |  | Complete assessment criterion 5.2 |