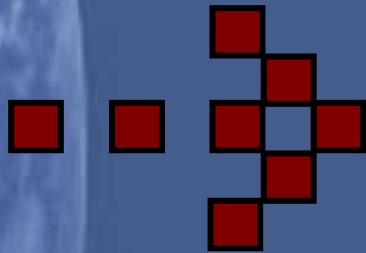


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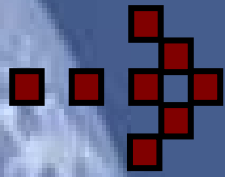


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**Executive Ethics**

Med Jones



Здравствуйते

こんにちは

سلام

*Howdy*

你好

नमस्ते

Ciao

*Hola*

您好



여보세요

*Hallo*

*Guten Tag*

مرحباً

וּלְהָ!

*Salut*

Obrigado

Xin chào



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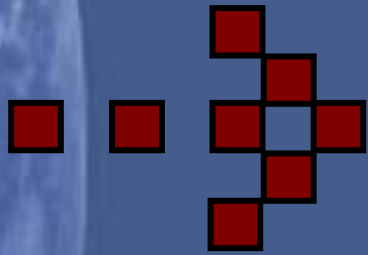
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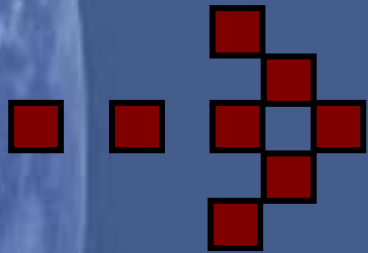
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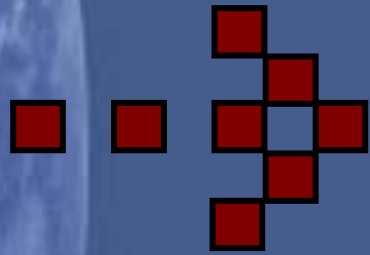


# *Governance*



# *Executive Ethics*

Med Yones



# *Social Responsibility of Business*



# About Ethics

- Ethics – A set of moral values and principles that governs a conduct
- What is legal is not always ethical
  - The law is not perfect, it has its limitations, loop holes, errors and victims
- Ethics is about stakeholders relationship management
- Stakeholders in the business domain include clients, employees, partners and investors
- Stakeholders in the personal domain include family members, friends, neighbors and community



# Why Ethics?

## Business and Professional Ethics Pay!

- Unethical relationship management techniques may win you some gains over your stakeholders in the short-term, but will cost you long-term support and the support of all the people they know. Before you realize it, you will be replaced by another person
- On the other hand, if your stakeholders are ethically treated, you'll win their goodwill and support. They'll tell others about you and help you grow your career and business

### Note:

In the age of the internet and global communications, the word spreads faster and farther!



# Examples of Unethical/Illegal Behavior

- Favoritism in promotion, rewards and duties
  - Reducing hard workers salary while giving bonuses to inner circles
- Hiding conflict of interest
- Theft of information, assets or credit for work
- Using company assets for personal gain (like automobiles, expense accounts, samples) without explicitly informing the owner
- Moonlighting
- Misrepresentation/misleading/lying
  - Exaggerate the performance of products or services to close a sale or financial misreporting (window dressing)
- Bait and switch advertising
- Bribes (in all of its forms!)



# The Problems of Ethics

- Relativity Issue
  - Ethics is a function of history, culture, religion, experience and education among other factors. Therefore, ethical standards vary from time to time, place to place, society to society, family to family, person to a person and business to business
  - Ethics is almost always a function of individuals' self-interests and their power
- Context/Situation Issue
  - An action may be ethical in one context and not in another
    - e.g. lying to protect company secrets vs. lying to fraud another person
- Ethical Reasoning Issue
  - E.g. persons looking to an outside source for ethical guidelines (God/Church/State) is considered blind following by free thinkers who do not believe in religion
  - People reason what they love vs. love what they reason
- Balance Issue
  - How to balance between protecting your interest vs. stockholders' interest
  - How to balance powers, duties and rewards between stockholders



## In Other Words

- The Problem
  - There are no universally acceptable ethical rules to guide a business executive's conduct
- The Solution
  - Finding an ethical standard (minimum moral duties) - An ethical code that can be accepted by all

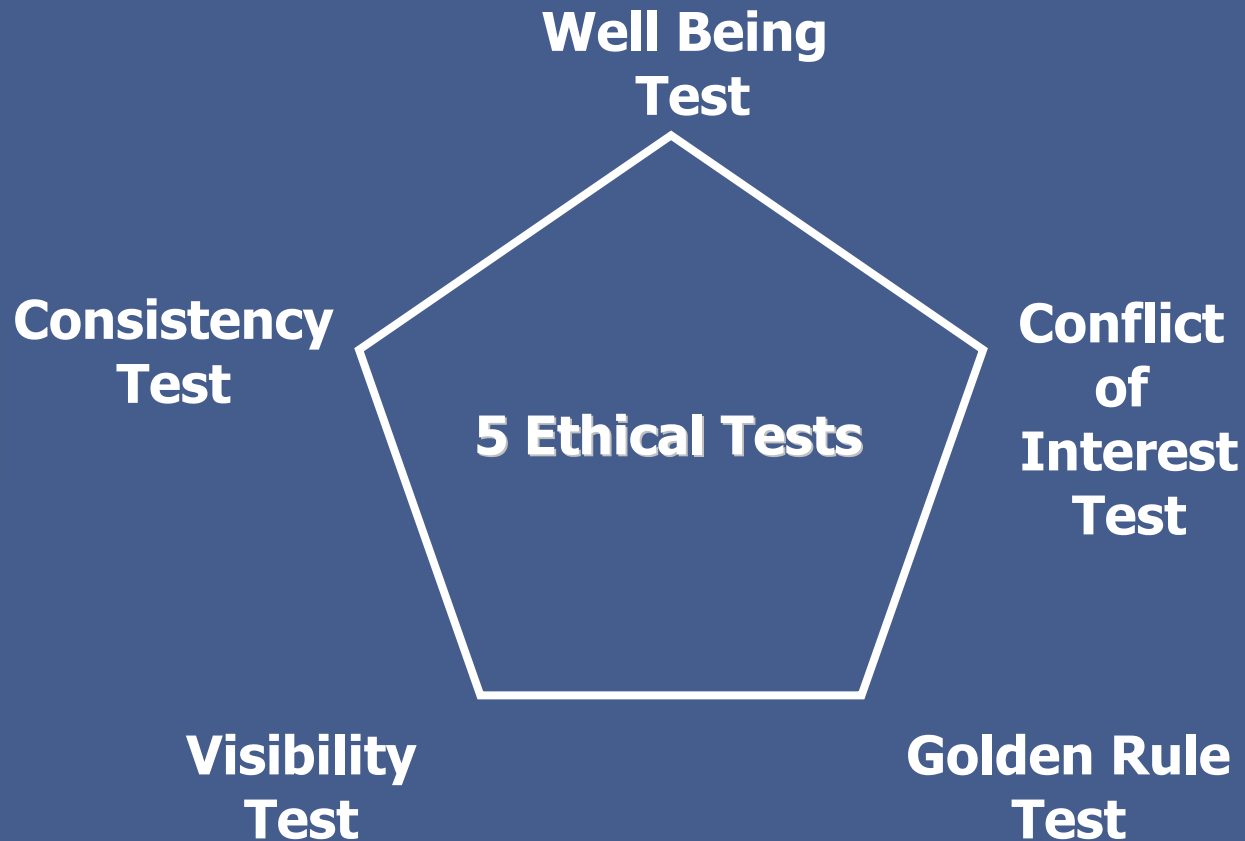


# Minimum Moral Duty

- All ethical decisions shall be based on objective fairness to oneself and stakeholders.
- The “objective fairness” standard can be established by the following 5 ethical tests:



# Proposed Solution = 5 Ethical Tests





# The 5 Ethical Tests

1. Well being test: Your values/principles are conducive to the well being of both yourself and your stakeholders
2. Consistency test: Your goal/action is consistent with your declared values and principles
3. Conflict of interest test: Does your goal/action compete with the other stakeholders interests. If yes, then you need to inform them.
4. Visibility test: Are you going to be honest and open about your goals/actions, or do you feel the need to hide, lie or mislead?
5. Golden rule test: If you were in the other person's shoes, do you want to be treated the same way?



# Professional Ethics Best Practices

- Understand yourself and your stakeholders
- Develop a uniform mission and goals for yourself and your company
- Establish code of conduct consistent with your declared mission and goals
- Communicate it to stakeholders as the terms of your social contract
- Adhere to it and enforce it
- Conduct annual ethics review/audit to assess values and practices and to prevent unethical and illegal conduct by all stakeholders



# IIM's Views on Social Responsibility

- Individuals and businesses do not operate in a vacuum. Decisions made by businesses may have a major impact on the society they operate in
- Corporations owe a duty to promote socioeconomic development of its members and the society they operate in
- This duty arises because of the social power bestowed on corporations and the benefits the corporation reaps from its society
- Most business decisions that are made solely on financial profit, will risk the danger of breaching their social contract and suffering the consequences
- Social responsibility considers the cost-benefit to all stakeholders



# IIM Corporate Citizenship – An Example

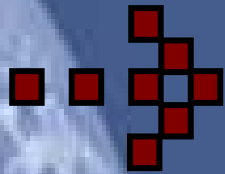
- We acknowledge our global citizenship
- It is our policy to comply with all applicable laws and regulations in the countries we operate in
- We are dedicated to designing, building, and operating a business that contribute to the socioeconomic development of our stakeholders and societies we operate in



# IIM Standards of Professional Conduct

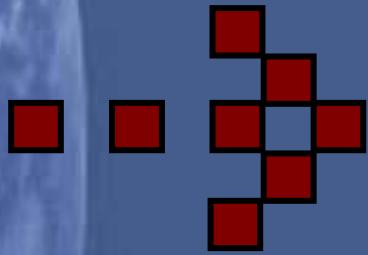
Feel free to use for your organization

1. I will act with the highest degree of social responsibility and corporate citizenship
2. I will respect and act in the best interest of IIM stakeholders
3. I will always make an effort to add value to my clients, employers, partners and investors
4. I will disclose potential conflict of interest and, whenever possible, resolve conflicts before they become a problem
5. I will respect the privacy and confidentiality of our stakeholders
6. I will maintain an ongoing program of professional development and learning
7. I will collaborate, support and share my lessons with fellow IIM members
8. I will represent IIM in a professional manner and promote its interest at all times
9. I will fairly represent the benefit of IIM products and services
10. I will not mis-represent, mislead, lie, stretch the truth, exaggerate, or withhold information that harms my stakeholders
11. I will observe and obey all laws that affect my services and profession

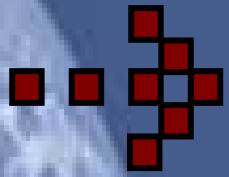


Remember!  
Damage from unethical behavior  
can be very expensive and almost always irreversible

**Treat your stakeholders right!**  
**It is their right and it pays!**



***Note: The use of this course and IIM ethical principles are Not restricted. Feel free to share them with your associates. All you have to do is give us credit for our work.***



# Questions?



Спасибо

*Gracias*

Grazie

متشكراً

ありがとう  
ございます

धन्यवाद

*Merci*

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You Can Visit**

*Danke*

谢谢

너를 감사하십시오

[www.iim-edu.org](http://www.iim-edu.org)

*Howdy*

*Thank you*

謝謝  
شكراً

אנא בדוק האם המלה

Cảm ơn