

# Entrepreneurship N5- Ethics and Social Responsibility



# Module 3 Ethics and Social Responsibility

Entrepreneurship – N5

Topic: Ethics and Social Responsibility

Lecturer: Mr. Popane

Learning Outcomes:

- Define the concepts ethic and social responsibility
- Describe the different levels of ethical management
- Do an ethical check to decide whether a decision is ethical
- Discuss the difference views on social responsibility
- Give a detail explanation of why people are not treated equally in our society
- Describe the different environments towards which a business has a social responsibility
- Design a social responsibility program for small business
- Evaluate the social responsibility program of a business

# Ethics and Social Responsibility

## Introduction

**Ethics refer to moral principles( example no stealing, not cheating and telling the truth) or set of value held by an individual or group. Decisions are then taken in accordance with these principles of conduct. Such decisions are then considered to be correct.**

## **Business Ethics**

**Business ethics can be defined as critical structured examination of how to people and institutions should behave in the world of Business.**

## **The ethical perspective**

**What guidelines' you can use to make ethical decisions if having difficulties make a decisions**

# Making an Ethical decision

The suggested method to come to a decision is to apply the “Ethics Check”

By asking 3 questions:

- ❖ Will I be breaking the law or company policy????
- ❖ Is it fair to all stakeholders concerned in the long-term and the short-term???
- ❖ Will it make me proud ??? ( will it make you feel guilty or happy about the decision you make )

# Styles of Ethical Management

- ❖ **Immoral management** (Doing Bad things Knowing)

These is were people are motivated by selfish reasons. This including personal gains (person will get some money )and that of the business ( the business will make a profit). This is caused by GREED.

- ❖ **Amoral Management** (Doing Bad things not Knowing)

The goal of these managers is still to make a profit. Their actions however differ because they do not violate laws or ethical codes on purpose. But they don't operate according to a code of ethics .

- ❖ **Moral Management** (Going Good things)

Moral management also strive for success but only within the guidelines of the ethic check. They will not sacrifice ethical standards just generate profits.

# Establishing ethical standards

There is no single standards for ethical behavior. It is therefore up to the individual businessperson to establish a code ethics for his/her own business.

## Create a business credo and/or code of ethics

Define the underlying values of the business. It should offer general guidelines to your employees when they have to take decision.

# Example of Pick n Pay Values

## Our values

We are passionate about our customers and will fight for their rights

We care for, and respect each other

We foster personal growth and opportunity

We nurture leadership and vision, and reward innovation

We live by honesty and integrity

We support and participate in our communities

We take individual responsibility

We are all accountable



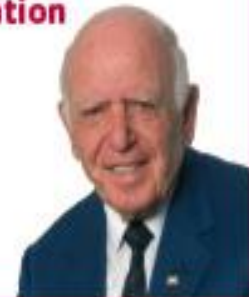
## Report to stakeholders

- ▶ Chairman's statement
- ▶ A tribute to Raymond Ackerman
- ▶ Chief Executive Officer's report

## Annual financial statements

- ▶ Pick n Pay Stores Limited and its subsidiaries
- ▶ Pick n Pay Holdings Limited and its subsidiaries

43 years of innovation and dedication



# Establishing ethical standards

## Enforce the code fairly and consistently

You as the manager, must take action when you discover the breaking of ethical laws. Employees must know that breaking of ethical laws will be punished by firing , suspension or even prison Time .

## Other ways to make sure the is Ethical standards

- ❖ Hire the right people
- ❖ Conduct ethical training
- ❖ Set an impeccable ethical example
- ❖ Involve employees in establishing ethical standards



# Social Responsibility

In its most basic form social Responsibility is a obligation by business towards a person or the community the business operates in.

## Views on Social Responsibility

- ❖ The 1<sup>st</sup> view is that business only social responsibility is to make a profit to use its resources and engage in activities design to increase its profits.
- ❖ The 2<sup>nd</sup> view is the regulation-imposed view. It claims that the only way to ensure that companies act in a socially responsible manner is through government regulations.
- ❖ The 3<sup>rd</sup> view is the Benefit approach. The belief is that long-term benefits that a business will receive from social responsibility program outweigh the costs incurred.

# Example of Social Responsibility of Companies

Shoprite helping with school feed scheme



Feel the Freshness



SHARE THE LOVE

*Albany Cares*

**WE'RE COMMITTED  
TO GIVING BACK**





## Examples of social Responsibility of Companies

# Pick n Pay helping with Breast Cancer awareness and with giving families food parcels during Covid-19 lockdown





## Examples of Companies helping with Social Responsibility

Louis Vuitton making medical covid-19 mask





## Examples of Companies helping with Social Responsibility

Prada (clothing Company) making covid-19 masks



**The  
Guardian**

# Who should benefit from Social Responsibility

- ❖ **Employees**
- ❖ **Customers**
- ❖ **Environment**
- ❖ **Community**

# Employees

Companies are committed to social Responsibility by providing

- ❖ Better working conditions
- ❖ Very good interpersonal relationship ( having a good relationship with top management)
- ❖ Training of the workplace ( to improve the employees skills)
- ❖ Education for children of workers ( giving workers' kids chance to learn example giving them bursaries to better themselves)
- ❖ Possible bursaries for the children.

Barriers to social responsibility for employees

- ❖ Discrimination in hiring and promotion. ( being unfair to the employees base on their race, gender, sexual orientation, customs and religion)
- ❖ Aids ( being unfair to employees base on their HIV status)

# Customers

## **Business has to commit to social responsibility to customers by:**

- ❖ Providing products and services that are safe . If it is food it must be safe for eating. There must be warning labels example cigarettes boxes
- ❖ The products and services that are advertised must be the ones that are found in the shops ( meaning no Fung kongs)
- ❖ Goods and services that are sold must benefit or help the community. They must not destroy the community like (example illegal drugs like nyoape )
- ❖ There must not be exploitation (taking advantage) of customers (example selling a customer a laptop that doesn't work or selling the customer expired food.)
- ❖ High intensity marketing techniques should not be used on people who don't need it. ( example giving SASSA people loans : the can't afford them)



# Environment

Business have a social responsibility commit to environment that it operates in. By making sure it doesn't pollute the air, kill the plants, kill the animals, pollute the water and to get rid of its waste material in a responsible and eco-friendly way. That is why some business use recyclable materials like paper and have stopped the use of unrecyclable material like plastic. Example KFC using Paper Straws instead of Plastic straws

Business can be social responsible to the Environment by:

- ❖ Making eco-friendly materials (recyclable materials)
- ❖ Avoiding the dumping of waste (not polluting)
- ❖ Limiting the using of unrecyclable materials like plastic
- ❖ Not Buying products from people doing illegal crimes to the environment ( like poachers or people cutting protected trees by the law)

# Communities

Business can be social responsible by helping the communities with social problems like gender base violence in South Africa, HIV/AIDS awareness, Breast cancer awareness, making medical mask for the fight against covid-19 and Giving food parcels during lockdown.

Business commitment to social responsibility by helping communities fight social problems like.

- ❖ Violence ( gender Based Violence and Crime)
- ❖ Alcohol abuse
- ❖ Unemployment ( business can giving out learnerships)
- ❖ Theft (business working with the police)
- ❖ Illiteracy ( donating books to the library or giving money for mobile library)
- ❖ Poverty (providing feeding schemes to schools or Youth development program to help young people get jobs)

# Sexual Harassment

Business must be committed to the social responsibility to deal with sexual harassment. By making workshops on teaching what is sexual harassment, what must women do when they experience it (example encourage women to report sexual harassment when it happens). Business must also make it clear the punishment and consequences of men that commit sexual harassment (even if it is a top manager). Business must make the workplace a safe environment for women to be their self.

## Benefits to the Business

- ❖ **A positive, motivated and loyal employees**
- ❖ **Will improve Productivity and quality**
- ❖ **Low staff turnover( less people (women) leaving the business)**
- ❖ **Low absenteeism ( less women being absent at work.)**

Then END

**Gooday hope you Guys are safe and well. Try and do the Activity 1 on page 56 and Activity 2 on page 58 . I will go through them on Friday.**

**Next module will be module 4 (Organizing your. Business)**

