Introduction to Business Administration Lesson 3

3. The administrator

The administrator is charged with the management of performance, or management of business operations and decision-making as well as the efficiency of the people within an organization. Administrators also have a direct responsibility to activate and complete certain goals and objectives.

Can refer to manager, director, executive, chief, supervisor, etc.

3.1 Ethics and Social Responsibility

Corporate Social Responsibility (CSR)

- A business's obligation to maximize its positive impact and minimize its negative impact on society.

Another term for CSR is corporate citizenship.

When making decisions, an organization must keep in mind the stakeholders when making decisions. This is part of CSR.

Stakeholders – an individual, group or organization that has direct or indirect stake in an organization because it can affect or be affected by the organization's actions and policies.

Shareholders – are owners

Key stakeholders – include shareholders, employees, customers, creditors, governments, and community within which the business operates and draws its resources.

Business Ethics

The principals and standards that define acceptable conduct in business and society.

It is not just what is acceptable in your industry or your country, but instead what is acceptable in the international spectrum.

Some business practices in one country can be frowned upon in others, thus it is the ethical responsibility of the company to operate within a neutral ethical zone that works well internationally.

3.1.1 Philosophical principles that underlie the ethics in business

Follow the Golden Rule

Doing "Good" while doing "Well" is an ethical principal

Good = CSR Well = Profit wise

3.1.2 Values and ethics of the manager

When evaluating a company's corporate citizenship, people will look at the manager or executives.

Executives and managers must operate under business practices and be

1. Honest
2. Responsible
3. Accountable

Ethics is about doing what is right, just, and fair

Ethical managers understand that it is proven that the best companies do good while doing well at the same time.

Quality management does not take into account size to make its ethical decisions.

3.2 Quality and Responsibility to the customer

Responsibility to customers

Organizations have a responsibility of providing quality products or services to customers.

When a business has Profit or ROI, return on investment, an organization has a responsibility to reinvest that money into make the quality of a products, or improving their service towards the customer so that it benefits the customer, and in turn the society in which it operates.

1. Right to be informed
2. Right to choose
3. Right to be heard
4. Right to Safe products

The organization also has a responsibility to its employees.

Safety & Health

Equal Opportunity

Wages & Benefits

Responsibility to Community

1. Integrity of Operations – operating in fair and ethical way.
2. Financial Contributions
3. Volunteerism

3.2.1 Principles and practices of quality management

Goes beyond what is required to provide safe and reliable products and services.

Many top companies advertise that their products meet and exceed government regulations.

1. Committed to diversity and equal opportunity
2. Committed to environmental protection
3. Quality management provides high priority to its employees.

Legal business or the government takes you out

Profitable business or the economy takes you out.

1. Treat people fairly
2. Fairness = Top priority
3. Everyone's Accountable
4. Communicate core values
5. Demand and Rewards Integrity from all

Full Disclosure Test: What to ask when making difficult decisions

1. Is the action illegal
2. Is it unfair to some people
3. If I do/take it will I feel badly about it
4. Would I be ashamed to tell my family, friends, coworkers, or boss?
5. Would I be embarrassed if the newspapers wrote about my action?

3.3 The globalization and its international role

Globalization:

The process in which money, products, services, and investments move among nations.

Globalization is important for business and industries of all types and sizes.

It is a complex combination of opportunities and threats, due to many rules and regulations among many different countries. There is no establishing global legal system.

Businesses are becoming increasingly borderless.

40% of US companies import into the US from outside countries.

Globalization provides corporations with a chance to supply growing markets.

50% of Procter & Gambles' revenues are from international sales.

3.4 Sensitivity to cultural differences

To do business in different cultures, you have to be sensitive to different cultural values, different way of doing things and interacting on a one to one level and on a business level.

Social values are greatly different from one nation to another.

Culture: is the system of shared beliefs, values, customs, and behaviors that govern the interactions of members of a society.

- How people interact
- Look in the eyes or not
- Shake hands or not
- Business meetings in America are different than business meetings in Spain.