CHAPTER 3. THE MANAGER’S CHANGING WORK ENVIRONMENT & RESPONSIBILITIES.

This chapter combines four general issues as we continue our introductory journey into the field of management:

I. Organizational internal and external stakeholders.
II. Business ethics and social responsibility.
III. Diversity of the workforce

The chapter begins with the discussion of stakeholders (different from stockholders!) and their two types: internal and external (p. 71).

As Fig. 3.1 points out, the external stakeholders are subdivided into two layers: the closer to the organization layer (day-to-day interactions; management has certain control over these groups) known as the task environment and the outer layer (management cannot control these forces) defined as the general environment, or microenvironment (p. 73).

The combination of internal and external stakeholders highlights the idea of the organization as an open system. All companies take their inputs (labor, finances, loans, materials, parts, energy, etc.) from the outside (external stakeholders), alter these inputs internally, increase their value, and release outputs (such as goods, services) back to the external stakeholders.

The second part of the chapter deals with a broad and important issue of business ethics and social responsibility. As this subject is very comprehensive, we will briefly touch upon it with the focus on its applications for managers. As ethics in general is defined on p. 80, we can also define other business-related terms, such as:

- **Business Ethics** => standards of business conduct & moral values accepted by the workplace as right vs. wrong
- **Social Responsibility** => the firm’s responsibility to its community and to the environment (a business's concern for the welfare of society as a whole)
- **Ethical Dilemma** => a situation with no desirable alternatives

**ONLINE CLASS ONLY:** Your textbook features ethical dilemmas after each chapter. To earn up to 5 extra points, read pp. 102 Should Job Applicants Reveal Their Chronic Illnesses to Potential Employers? Answer the case dilemma (choose one of the three option given or invent other options) and then give a detailed explanation of why you picked a certain option. Submit your answers via email as a Word attachment to me by Sunday midnight.

Although being ethical usually results in higher short-term costs, it pays off in long-run. Another great approach to make sure your business decisions are ethical is to ask yourself the following three questions when making business decisions:

- Is It Legal?
- Is It Balanced? Would I Want to Be Treated This Way? (the essence of the Golden Rule – check out Ethics 08 – The Golden Rule. If you wish to test your understanding of the principle, scroll to the bottom of the page, then click “forward =>” to answer a set of multiple choice and true/false questions)
- How Will It Make Me Feel About Myself?

Based on various philosophical and theological schools of thought, there are several approaches to ethics. We will concentrate on three of them: utilitarian, individualism, and moral rights (p. 81-82).
Current recession is blamed on unethical behavior of many top managers and corporate boards of directors. Our government is initiating massive actions to better regulate business. As these new rules and procedures are introduced, modern managers must constantly learn and understand how their industries are governed. One of such acts is the Sarbanes-Oxley Act of 2002 (p. 83). Learn more about the SOX (as it is abbreviated).

After defining codes of ethics codes of ethics (p. 84, this part of the chapter finishes up with the discussion of social responsibility (p. 85) and philanthropy (p. 88). The chapter offers a list of reasons to behave ethically and socially responsible on p. 89.

The third portion of the chapter deals with the issue of workplace diversity, which is defined on p. 901. As diversity includes any dimension that makes each human being unique, this issue goes far and beyond of the two most publicized dimensions of race and gender. Make sure you are able to distinguish between internal dimensions (the ones we have no control over – height, age, race, sexual orientation, gender, national origin, etc.) and external dimensions of diversity (those that we can control and change throughout our lives, such as religion, education, marital status, income, etc.) – see Figure 3.3 on p. 91.

While it is worthy to read through the trends in workforce diversity and barriers to diversity on pp. 92-95, I also wanted you to look at what some organizations do to promote diversity through diversity statements, diversity groups, training, and events. It would be interesting to compare those with any efforts to promote diversity in your company.

Diversity Statements’ Links:
- CBS
- Genentech
- Kaiser Permanente
- Mayo Clinic
- Nordstrom
- Texas Instrument
- Wells Fargo