

# Ethical and Strategic Management

Unit 1: Integrating Ethics into Business Strategy



# Course Unit Structure

- ▶ Course Structure
  - ▶ **Unit 1: Integrating Ethics into Business Strategy**
  - ▶ Unit 2: Management Strategies Analysis
  - ▶ Unit 3: Managerial Strategy Formulation
  - ▶ Unit 4: Integrating Ethics into Business Implementation



# Unit One Learning Objectives

- ▶ Explain the importance of strategy and ethics in business
- ▶ Explain the drivers, such as innovation and markets, that assist in determining business strategy
- ▶ Analyze the importance of leadership and integrity when formulating business strategy
- ▶ Explain how companies measure ethics and analyze social responsibility in organizations



# Unit Vocabulary

- ▶ business ethics
- ▶ business strategy
- ▶ corporate strategy
- ▶ diversification
- ▶ ethics
- ▶ functional strategy
- ▶ servant leadership
- ▶ strategy



# Overview: Unit One Topics

- ▶ What is Strategy and Ethics?
- ▶ The Drivers of Strategy
- ▶ Measuring Strategy Effectiveness



# 1a What are Ethics and Strategy?

- ▶ **Ethics**

- ▶ Knowing right from wrong

- ▶ **Business ethics**

- ▶ Refers to applying ethical behavior within a business context.

- ▶ **Strategy**

- ▶ The art, science, and craft of formulating, implementing, and evaluating decisions that will enable an organization to reach its long-term objectives



# 1a Strategy as a Hierarchy

- ▶ Corporate Strategy
  - ▶ Overarching
- ▶ Business Strategy
  - ▶ Specific strategies for each product or service
- ▶ Functional Strategy
  - ▶ Specific area, like marketing



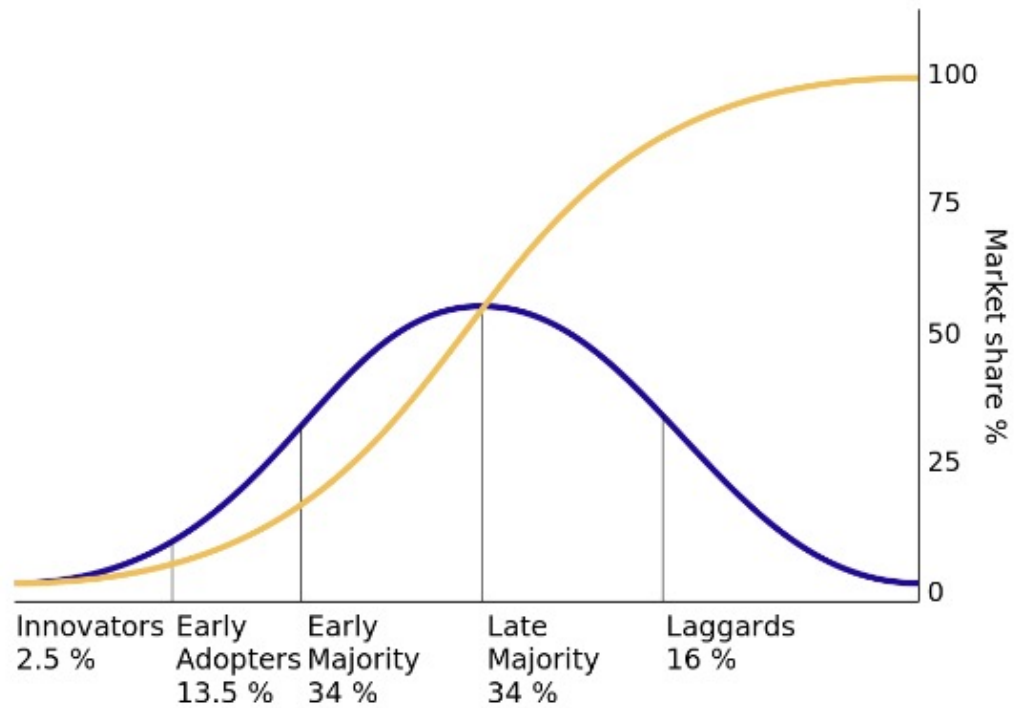
# 1b The Importance of Diversification

- ▶ Diversification means to “not put your eggs in one basket”
  - ▶ Lessens risk
- ▶ Can be done through
  - ▶ Global strategy
    - ▶ Export strategy
    - ▶ Standardization strategy
    - ▶ Multidomestic strategy
    - ▶ Transnational strategy





# 1b Innovation



# 1b Framework for Strategic Decisions

- ▶ Strategic Decision Framework
  - ▶ Suitability
    - ▶ overall rationale of the strategy
  - ▶ Feasibility
    - ▶ resources necessary to actually implement the strategy
  - ▶ Acceptability
    - ▶ meeting the expectations of stakeholders with the strategy



# 1c Ethical Leadership

- ▶ Characteristics of ethical behavior
  - ▶ showing respect for others
  - ▶ treating all stakeholders fairly
  - ▶ building community
  - ▶ working toward a common good
- ▶ Servant leadership
  - ▶ Placing service before self-interest, listening to others, inspiring through trust, and working toward feasible goals.
- ▶ Culture
  - ▶ The shared values and meanings members hold in common.



# 1c Ethical Models

## ▶ Leadership Ethical Approaches

- ▶ virtue ethics
- ▶ utilitarian approach
- ▶ Universalism
- ▶ Justice
- ▶ Rights approach



# 1d Stakeholder Needs

- ▶ Analysis of stakeholders
- ▶ Stakeholder interests and goals
- ▶ Impact of potential decisions on each stakeholder.



# Conclusion

- ▶ Here's what you learned:
  - ▶ Explain the importance of strategy and ethics in business
  - ▶ Explain the drivers, such as innovation and markets, that assist in determining business strategy
  - ▶ Analyze the importance of leadership and integrity when formulating business strategy
  - ▶ Explain how companies measure ethics and analyze social responsibility in organizations



# What's Next?

- ▶ To prepare for the practice exam, consider one more review of the study guide and course materials.
- ▶ Good luck on the practice exam!

