

SAMPLE

LITERATURE REVIEW ON BUSINESS ETHICS

CORPORATE RESPONSIBILITY

The motivation for this work has come from a long-standing observation of the socially irresponsible and unethical behavior of some managers and leaders, their participants and other stakeholders in their business, as well as society as a whole. As shown by Batmanghlich's work (2015), such behaviors are perceived in different industries and cultures where such a combination of executive managers and business consultants is even enjoyed by the public's favor. It contributes to our current understanding of the problem – socially irresponsible behavior of some corporate leaders. Experience shows that an organization, if it wants to be socially responsible, must have the leadership devoted to that goal. The very recent scandal of Volkswagen (Dans, 2015) is an example of absolute omission in terms of socially responsible business. The company deliberately and consciously designed software for controlling emissions of harmful gases with the aim of achieving an undesirable advantage over the competition. Thanks to the great preconditions for the production of environmentally friendly vehicles, Volkswagen has acquired the status of the world's leading car maker. After discovering this case of rejecting all the ethical standards in engineering, leading people resigned to their positions, confirming that the leadership of the company, including the Department of CSR, was fully acquainted with the fact that ecological tests are fake. The development of this software is documented as well as its testing. Respondents can be identified at all levels of business. Henry Mintzberg (2015) argues that VW scandal is no exception to seeing a repeating pattern in this respect and says that it is not a scandal but a syndrome, citing in this and other examples. As shocking as ever, the VW affair is just an exemplary example of an accelerating trend. We are expecting worse than this because we live in a world in which predatory capitalism triumphs. Of course, all organizations have leaders, but for the purpose of this paper

we will not focus on leaders as individuals. The company is not an individual, so corporate personalization raises the questions 'Is the enterprise socially in agreement?' may give rise to misunderstanding. The company is a legal entity that serves as a focal point for complex processes in which the opposing objectives of individuals are brought to balance within the framework of contractual relations. Leadership as a process is what interests us here as a subject of research. Effective change management requires the guidance that drives and initiates the process, and understanding of this leadership of the process helps to create effective agents change.

When considering the characteristics of a good leader, it is customary to draw up a list of qualities that a good leader must have, such as honesty, judgment, energy, kindness, fairness, initiative, distantness, dedication, objectivity, determination, ambition. Of course, we can also agree a list of qualities that we think a good leader should not have: stubbornness, infidelity, selfishness, negligence, injustice, prejudice. The problem of defining the leader through desirable and undesirable traits is to look for the perfect person. In reality, such a person does not exist, so this definition practically excludes anyone in the election for a leader, hence for the manager in the organization. Most of the guidance is about how one person affects each other in order to successfully perform various tasks, which means leadership is directed towards communication and motivation. Therefore, leadership is not just about specific tasks but also the relationships between leaders and others involved in performing tasks. Hersey & Blanchard (1977) used the representation of these relationships to model leadership styles. According to Hersey and Blanchard, managers who are most concerned about performing a specific task will try to transfer their performance to their subordinate order (commanding style). Those who take care of a specific job also deal with subordinate relationships will try to persuade the subordinates to perform the task (sales style) by persuading them. Those who are more concerned with subordinate relationships than the actual task itself will include subordinates in the planning process and making decisions - (participating style). Those who are not interested in the task itself or the relationship with the subordinates will give the subordinates themselves to decide when and how they will perform the task (delegating style). There are also other factors that need to be considered apart from the ones mentioned, for example - the culture of the organization. Different leadership styles will be different in different cultures, so consider the relationship between organizational culture and leadership styles. This is to be considered first in terms of the organization's structure. It is possible to classify organizations according to their structure in many different ways. Etzioni and Etzioni (1964) classify organizational cultures into three types: coercive, utilitarian and normative. Another type of classification is offered by Handy (1983), which classifies organizations in four types: hierarchical, functional, matrix and individual. The third classification was described by Miles and Snow (1978). Those organizations are divided into species based on their approach to change and development: promoters, researchers, analyzers, reactors.

We can see that leadership is largely engaged in people to achieve the optimum

results. Indeed, all managerial activities are directed towards people. This was expressed by McGregor (1960), saying: "Every manager's decision has consequences for behavior. The success of a manager depends on the ability to anticipate and control the behavior of people". At the center of leadership study is the concept of power, as evidenced by numerous papers in this area. Moreover, Rowlinson (1977) argues that power is a key term for understanding organizations. Power is the ability to influence the organizational outcomes (Mintzberg, 1983). Also, power is what enables A to change attitudes and behavior B (Handy, 1983). The omnipresent nature of power in an organization is undeniable, therefore it is essential to understand nature be able. Bachrach and Baratz (1963) argue: of course, power is used when A is involved in making decisions affecting B. The use of power is also when A dedicates its energy to the creation and strengthening of social and political values and institutional practices that will limit the reach political process for public consideration of only those issues that are comparatively unstable for A.

Each of us can recognize power, or at least the use of power, within these definitions. Also included in these definitions is the assumption that use is visible, and therefore measurable. Some believe that power is an inherent part of the political system of the organization, but Lukes (1974) argues that such a definition cannot be used as an analytical tool because it cannot illuminate how power works "under the surface" in the way it works for some groups and against others. We all have some understanding of power, whether we agree or not with the definitions we have discussed in the previous chapter, so we all understand when power is applied. It is important, however, to understand why people can use power over others in the organization. That's why we have to consider where power comes from, existing sources of power. It has been shown that power comes from a variety of sources, and some of the most common are: legitimate power, reward power, power of coercion, reference power, power of the expert, information power, conditioned power. All these power sources are not available to anyone, and do not necessarily have to be accessible to anyone at all times. Thus, for example, the conditional power will be available only while the circumstances make it possible. The power of experts can be applied to anyone but only in specific situations or in relation to specific tasks. Most people use some of the power sources at some point, and sometimes they use more of them at the same time. We can see that many of them are interconnected. It should also be noted that these sources are largely dependent on human beliefs. It can be said that each of us has the power over others if others believe that we have it. The use of power is part of the organization's control. Ouchi (1979) identifies three different types of control applied in organizations: behavior control, exit control, and clan control.

REFERENCES

- Batmanghlich, C. A. (2015). *Why Leaders Fail Ethically: A Paradigmatic Evaluation of Leadership*. Heidelberg: Springer.
- Dans, E. (May 2018). Volkswagen and the Failure of Corporate Social Responsibility. Available from 6. October 2015 Forbes:
<http://www.forbes.com/sites/enriquedans/2015/09/27/volkswagen-and-the-failure-of-corporate-social-responsibility/>
- Mintzberg, H. (May 2018). VW: The Syndrome behind the Scandal. Available from 22. October 2015 Henry Mintzberg:
<http://www.mintzberg.org/volkswagen>
- Hersey, P., & Blanchard, K. (1977). *Management of Organizational Behavior: Utilizing Human Resources*. Englewood Cliffs NJ: Prentice Hall.
- Etzioni, A., & Etzioni, E. (1964). *Social Change: Sources, patterns and sequences*. London: Basic Books.
- Handy, C. (1983). *Understanding Organizations*. Harmondsworth: Penguin.
- Miles, R. E., & Snow, C. C. (1978). *Organizational Strategy, Culture and Process*. New York: McGraw-Hill.
- McGregor, D. (1960). *The Human Side of Enterprise*. London: McGraw-Hill.
- Rowlinson, M. (1977). *Organizations and Institutions: Perspectives in Economics and Sociology*. London: Macmillan.
- Bachrach, P., & Baratz, M. (1963). Decisions and Non - decisions: An Analytical Framework. *American Political Science Review*, 57(3), 632-642.
- Lukes, S. (1974). *Power, a Radical View*. London: Macmillan.
- Ouchi, W. G. (1979). A Conceptual Framework for the Design of Organizational Control Mechanism. *Management Science*, 25(9), 833-848.