

# Statistical Thinking For Data Science And Analytics

## Creating an ethical business culture

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# Learning Outcomes

- Upon completion of this module students should be able to:
- Explain why integrity and ethics are important for both corporations and individuals in the world of business
- Present the business case for the importance of integrity and ethics in business (both in terms of driving long-term value creation and protecting value)
- Describe the key components required to design, implement, and support a successful integrity and ethics programme in any business
- Suggest ethical management approaches for businesses of various characteristics in terms of size, legal status, or level of complexity

# What is Business ethics ?

**Business ethics** : the study of business situations, activities, and decisions where issues of right and wrong are addressed (Crane& Matten, 2009)

**Business ethics** is also known as **corporate ethics**. It is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment (Wikipedia, 2017).

**Morality** is concerned with the norms, values and beliefs embedded in social processes which define right and wrong for an individual or a community.

# Fostering culture of integrity

Part and parcel of organizational ethics is fostering a **culture of integrity** through:

- ✓ Motivating employees individually to act ethically;
- ✓ Promoting integrity and codes of ethics through modeling, mentoring and other activities;
- ✓ Ensuring that performance management and reward systems do not contradict or undermine core values of a business;
- ✓ Demonstrating to employees that the business is willing to "walk the talk“;

# Applying ethics in business and the business case for ethics

## Ethical principles for business

- ✓ Solidarity
- ✓ Efficiency
- ✓ Rationality
- ✓ Fairness
- ✓ Refraining from willingly harming others
- ✓ Role-responsibility

# Applying ethics in business and the business case for ethics (exercises)

- **Exercise 1: Mapping business contributions to the**



- **Exercise 2: Convince your supervisor that ethics pays (role play)**

# Discourse on managing business ethics

## Establishing a business ethics management system:



## An effective business integrity and ethics programme include:

- ✓ Internal measures
- ✓ External measures
- ✓ Collective measures

# Introducing codes of conduct and codes of ethics

- **Purpose of a Business Code?**
- **Selection of the topics in a Code**
- **Successful implementation of Code**
- **Limitations**
- **Global Codes?**

# What is Organizational Culture?

- The values and behaviors that individuals in the organization exhibit and the meanings that people attach to their actions
- Includes values, visions, norms, systems, beliefs & habits, attitudes, written and unwritten rules, interactions with outside world, and future expectations
- Shown in the way the organization conducts its business, treats employees, volunteers, clients, and the community
- Affects productivity, performance and interactions

# Why Work on Culture?

- Culture is to Recruiting as Product is to Marketing...
- Customers are more easily attracted with a **GREAT PRODUCT/SERVICE**
- **But...**
- Amazing people are more easily attracted with a **GREAT CULTURE**



*“Culture eats strategy for lunch everyday...”*

*Culture provides resilience in tough times and is more efficient than strategy*





*Culture trumps  
competition...*



***How Can We Help You Today?***

*Culture can spur  
a contrarian  
business  
strategy*



*A broken culture  
can doom even a  
great  
organization or  
product*



*R.I.P*

*A complacent  
culture blinds you  
to organizational  
threats*



*Cultural miscues  
are more  
damaging than  
strategic miscues*



**WAL★MART®**

ALWAYS LOW PRICES.

*Always.*

**Walmart.com**

*Culture provides a  
level of risk  
prevention*

**Unbeatable**

We'll match the price of any local competitor's printed ad  
for an identical product. See manager for restrictions.

Prices

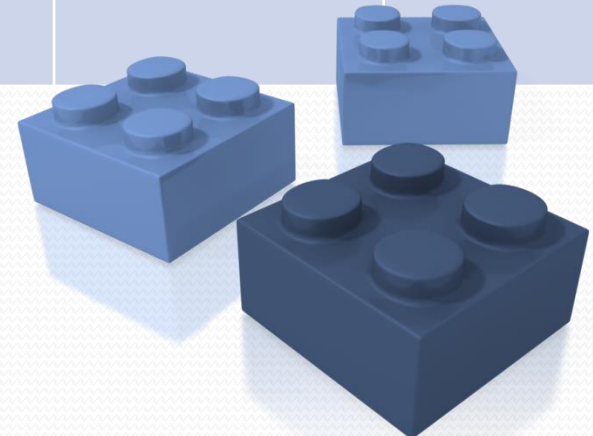
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**An Observation...**  
People have  
dramatically  
changed how they  
live and work...

	<b>THEN</b>	<b>NOW</b>
<b>FOCUS</b>	Pension	Purpose
<b>NEED</b>	Good Boss	Great Colleagues
<b>HOURS</b>	9-5	Whenever
<b>WORKPLACE</b>	Office	Wherever
<b>TENURE</b>	Whole Career	Whatever



Although  
people have  
dramatically  
changed...ma  
ny  
organizations  
operate as if  
they are  
frozen in  
time...



# The Old Paradigm

- **They operate as if**
- ...money matters the most
- ...employees will always take advantage of the company
- ...vacation policies are the answer to work/life balance
- ...people need to be controlled with rules, policies and handbooks
- ...people should just be happy to have a job



# Nordstrom Policy Manual...in its entirety...

## **Welcome to Nordstrom**

We're glad to have you with our Company. Our number one goal is to provide outstanding customer service. Set both your personal and professional goals high. We have great confidence in your ability to achieve them.

**Nordstrom Rules: Rule #1: Use best judgment in all situations. There will be no additional rules.**

Please feel free to ask your department manager, store manager, or division general manager any question at any time.

*really just two sides of the same coin. Your culture is your brand.”* —Tony Hsieh, Zappos



# Why not create a culture you love...



- “Let’s make the company we always dreamed of. Let’s create a company that will be a great place to be *from.*” -Reed Hastings and Patty McCord, Netflix

# Culture Exercise

- Describe the current culture within your organization or department – what goes on in and around the organization? What types of behaviors (good and bad) do you see? What norms are exhibited?



# Culture Exercise

- What elements of the current culture do you want to KEEP?
- What elements of the current culture would you like to ELIMINATE?
- What elements would you like to ADD?



# Cultur

Keep	Eliminate	Add
Team approach – willing to help out even if not my job	Unwillingness to share information	Flexibility/flex time
Safe work ethic	Rumor mill	gym
Self improvement	Union fear	Option for benefits
Cross training	Lack of accountability	potlucks
Focus on customer satisfaction	Excessive HR rules- dress code, mandatory hours,	Cool workspace
IT – up to date	Old building	Vision and direction
Quality products	Watching over...big Brother	accountability
Above and beyond	Complacency	Life long learning
Forever warranties		Better communication
Listening to new ideas – open minded to new things		Increased focus on customer satisfaction
		Rewards for job well done

# What are Core Values?

- The core values of an organization are those values we hold which form the foundation on which we perform work and conduct ourselves.
- In an ever-changing world, core values are constant.
- Core values are not descriptions of the work we do or the strategies we employ to accomplish our mission. The values underlie our work, how we interact with each other, and which strategies we employ to fulfill our mission.
- Core values are the basic elements of how we go about our work. They are the practices we use (or should be using) every day in everything we do.

# Core Values - Examples

- Professionalism
- Creativity/Innovation
- Customer Focus
- Teamwork
- Open Minded
- Integrity
- Strong Work Ethic
- Enthusiasm
- Dedication
- Creative Problem Solving
- Flexibility/Adaptability
- Respect
- Honesty
- Courage
- Trust
- Positive Attitude
- Passion
- Problem Solving
- Respect
- Accountability

# Culture Converts

- Southwest Airlines
- Netflix
- Zappos
- Hubspot
- Facebook
- Patagonia
- Aileron
- Google



# NETFLIX

## Seven Aspects of our Culture

- Values are what we Value
- High Performance
- Freedom & Responsibility
- Context, not Control
- Highly Aligned, Loosely Coupled
- Pay Top of Market
- Promotions & Development



# ZAPPOS

## Zappos Family Core Values

As we grow as a company, it has become more and more important to explicitly define the core values from which we develop our culture, our brand, and our business strategies. These are the ten core values that we live by:

1. Deliver WOW Through Service
2. Embrace and Drive Change
3. Create Fun and A Little Weirdness
4. Be Adventurous, Creative, and Open-Minded
5. Pursue Growth and Learning
6. Build Open and Honest Relationships With Communication
7. Build a Positive Team and Family Spirit
8. Do More With Less
9. Be Passionate and Determined
10. Be Humble



# HUBSPOT

## THE HUBSPOT CULTURE CODE.

1. We are as maniacal about our **metrics** as our **mission**.
2. We obsess over **customers**, not competitors.
3. We are radically and uncomfortably **transparent**.
4. We give ourselves the **autonomy** to be awesome.
5. We are unreasonably **selective** about our peers.
6. We invest in individual **mastery** and market value.
7. We defy conventional “wisdom” as it’s often unwise.
8. We speak the **truth** and face the facts.
9. We believe in **work+life**, not work vs. life.
10. We are a perpetual **work in progress**.

# FACEBOOK

- 1. Focus on impact: “If we want to have the biggest impact, the best way to do this is to make sure we always focus on solving the most important problems.”
- 2. Move fast: “We have a saying: ‘Move fast and break things.’ The idea is that if you never break anything, you’re probably not moving fast enough.”
- 3. Be bold: “We encourage everyone to make bold decisions, even if that means being wrong some of the time.”
- 4. Be open: “We believe that a more open world is a better world because people with more information can make better decisions and have a greater impact.”
- 5. Build social value: “We expect everyone at Facebook to focus every day on how to build real value for the world in everything they do.” -

# PATAGONIA



## Our Reason for Being

*Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.*

-Patagonia's Mission Statement

# Is it enough to just have Core Values?



*“Culture provides greater discipline than disciplinary action does...”*

# Example: Library Core Values

- 
- **Professionalism**

- At all times we treat each other and each of our patrons with respect, dignity, and truthfulness. We strive for excellence in all aspects of our work, positively creating solutions in a highly valued way.

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- **Fulfillment**

- We want employees who are passionate about what they do. We want everyone to be fulfilled in their professional endeavors, see value in their work and feel recognized and rewarded for their efforts.

- **Embrace Innovation and Change**

- We recognize that in order to continue to be relevant and valued we need to constantly evolve, take risks, and be open to new ways of doing things. We recognize and encourage everyone's input and listen to all ideas.

- **Teamwork and Leadership**

- We value leaders who lead by example and are both team followers as well as team leaders and remove obstacles that enable their direct reports to succeed. Our team members take initiative when they notice issues so that the team and the organization can succeed. Team members take ownership of issues and collaborate with other team members whenever challenges arise. Our team members have a positive influence on one another and everyone they encounter. We all strive to eliminate any kind of cynicism and negative interactions, and create harmony with each other and with everyone else we come in contact with.

- **Open and Direct Communication**

- We value direct and open communication with each other and with our patrons. We speak positively with and about each other and handle conflict directly in a positive manner. We communicate regularly with each other and make it a priority to seek clarification when we don't understand. We take personal accountability for staying informed via the communication tools provided.

- **Customer Focus**

- We create an environment that is friendly, warm, and exciting. We encourage diversity in ideas, opinions, and points of view. We treat every patron equally with respect and dignity regardless of who they are. We create a positive experience for everyone that walks in the door. We value customer service and make customer needs a priority.

# Example: Police Department Mission & Values

- Our team of department members developed a mission, vision, and core values to demonstrate our purpose and commitment to our profession and our community.
- Our Mission: To Serve and Protect
- Our Vision: A committed and respected TEAM of professionals recognized as the most highly trained, proactive, community-oriented law enforcement agency in Michigan
- Our Core Values: Integrity, Professionalism, Service to Community

# Values Identified in Other Sessions

- Commitment to Integrity
- Community/Community Service/Service to Community/Creating Community
- Service Excellence/Commitment to Excellence
- Continued Excellence
- Professionalism, Service to Community
- Exceeding Expectations

# Core Values Exercise

- Make a list of core values that are important to the vision for your organizational culture
- Prioritize the top 5 core values



# The Culture Journey

- Aggregate vision of the ideal culture
- Finalize a list of core values that enable the culture
- Communicate and integrate elements of the new culture into the organization
- Communication
- Culture Team
- Training
- HR policies/practices
- HIRE on culture fit
- Culture Assessment
- Accountability



# Action Plans –

## What are your next steps?

1. Select Core Values
- 2. Communicate core values to employees through City-Wide mandatory customer service training. City Manager opens training to underscore the commitment to the core values and customer service, including internal customer service.
- 3. Core values and customer service are continually reinforced by department heads and supervisors.
  - -Staff meetings
  - -Training
  - -Positive reinforcement of desired behaviors
- 4. Market Core Values: Core values are displayed on vehicles, equipment, facilities, etc.
- 5. Update job descriptions for all positions to include core values and customer service expectations. Core values will be included in selection process for new employees.
- 6. Develop & implement core values/customer service employee recognition program.
- 7. Develop metrics to measure effectiveness of customer service initiative
  - -Include questions related to core values on citizen surveys
  - -Conduct employee survey
  - -Implement process for feedback at point of contact with the customer

# Did we meet our Session Outcomes?

- A clear understanding of what culture is and is not
- An understanding of what the culture is throughout city departments
- A vision for the ideal culture
- A draft of core values and the associated behaviors desired to drive culture change
- Clearly defined value propositions for each department
- A culture roadmap defining gaps and potential action plans moving forward

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# Questions? Comments?

