

Business, Society & Ethics

18 April, 2019 | Lecture #34

CSR...



& Commitment Problems

The Storm is Almost Here!

Unit #4 Exam: Tuesday, 23 April from 9:30_{AM} to 10:20_{AM}.

Final Exam: Thursday, 2 May from 8:30_{AM} to 11:30_{AM}.

Gird your loins, and start planning accordingly!

Unit #4 Knowledge Festival

The unit #4 exam is this Tuesday, 23 April.

You will have the full 50 minutes to complete the 50 multiple-choice questions on the exam.

The exam is open book and open notes, but closed technology.

It will only cover material from unit #4 of the course.

BOSS GAME



Boss Game

The profits for a task is to be distributed between two people: the boss and the worker. It will be distributed in the following manner:

Step One: The boss decides how to split the money between themselves and the worker.

Step Two: The money is split that way.

(As sometimes occurs in real life, the boss makes the decision and the worker has to live with it.)



TRUST

A photograph of three business professionals walking in front of a modern glass building. On the left is an older man with white hair, wearing a dark suit and tie, holding a briefcase. In the center is a woman with brown hair, wearing a grey coat. On the right is a younger man with short brown hair, wearing a dark suit and tie. They are all smiling and looking towards the right. The text "COMMITMENT GAME" is overlaid in large white letters across the bottom half of the image.

COMMITMENT GAME

Commitment Game

The boss is distributing profits of QAR 80 between two of his workers. The boss is ready to give each worker QAR 40. However, before doing so, the boss offers them both the same choice:

Be Content: Keep whatever money the boss will give you.

Bribe the Boss: Take the *other* worker's QAR 40, and give the boss QAR 20 to “look the other way”.

Each worker must choose without knowing the other worker's decision. Their choices are revealed simultaneously and the money distributed as so.



THE COMMITMENT GAME



MY
CHOICE

CONTENT
OR
BRIBE

THE COMMITMENT GAME



THEIR CHOICE

CONTENT OR BRIBE

MY
CHOICE

CONTENT
OR
BRIBE

THE COMMITMENT GAME



MY
CHOICE

CONTENT
OR
BRIBE

THEIR CHOICE
CONTENT OR BRIBE



THE COMMITMENT GAME



MY
CHOICE

CONTENT
OR
BRIBE

THEIR CHOICE

CONTENT OR BRIBE

**QAR 40 to
each of us.**

THE COMMITMENT GAME



MY
CHOICE

CONTENT
OR
BRIBE

THEIR CHOICE

CONTENT OR BRIBE

QAR 40 to
each of us.

I worry

**I get nothing;
they get QAR 60.**

THE COMMITMENT GAME



MY
CHOICE

CONTENT
OR
BRIBE

THEIR CHOICE

CONTENT OR BRIBE

QAR 40 to
each of us.



They worry

**I get QAR 60;
they get nothing.**

I get nothing;
they get QAR 60.

THE COMMITMENT GAME



MY
CHOICE

CONTENT
OR
BRIBE

THEIR CHOICE

CONTENT OR BRIBE

QAR 40 to
each of us.

I get nothing;
they get QAR 60.

Distrust

I get QAR 60;
they get nothing.

**QAR 20 to
each of us.**

THE COMMITMENT GAME



MY
CHOICE

CONTENT
OR
BRIBE

THEIR CHOICE

CONTENT OR BRIBE

QAR 40 to
each of us.

I get nothing;
they get QAR 60.

I get QAR 60;
they get nothing.

**QAR 20 to
each of us.**

“Nash Equilibrium”

THE COMMITMENT GAME



A's
CHOICE

COOPERATE
OR
DEFECT

B's CHOICE

COOPERATE OR DEFECT

Second-best
for both A & B.

Worst for A;
Best for B.

Best for A;
Worst for B.

**Second-worst
for both A & B.**

“Nash Equilibrium”

THE PRISONER'S DILEMMA



**SELF-
INTEREST
IS
SELF-
DEFEATING**



COMMITMENT PROBLEMS



Self-Defeating
Behavior

Prudence

Beneficial
Behavior



Bribe

Prudence

Content



Defect

Prudence

Cooperate



Adding a Sheep
to the Commons

Prudence

Not Adding a Sheep
to the Commons



Business

Immediate
Material Gain

CSR



Resolving **COMMITMENT PROBLEMS**

Prudential Constraint





Regulation

Prudence

Not Adding a Sheep
to the Commons



Regulation

Prudence

Beneficial
Behavior



TRUST

A large, complex satellite dish antenna is the central focus, mounted on a heavy base with multiple support legs. The dish itself is a large, flat, circular structure with a visible internal grid of support beams. It is angled upwards and to the left. The background is a vast, flat desert landscape with sparse, dry vegetation. In the distance, a range of low mountains is visible under a heavy, overcast sky. Several other smaller satellite dishes are scattered across the horizon, indicating a larger facility. The overall tone is somber due to the grey sky and muted colors of the landscape.

SENDING CLEAR *signals*



TRUSTING *partnerships*



Trusting
Partnerships

Prudence

Cooperate

A photograph of a couple sitting on a light-colored couch, looking at each other with smiles. The woman has long dark hair and is wearing a blue top. The man has short brown hair and a beard, wearing a light grey button-down shirt and blue jeans. In the foreground, the back of a person with long brown hair, wearing a white lab coat, is visible; they are holding a clipboard and pen. The background is a bright, out-of-focus interior with large windows and a green plant on the left.

Trusting
Partnerships

Beneficial
Behavior

Prudence

A woman with long dark hair, wearing a blue top, and a man with short brown hair and a beard, wearing a light grey button-down shirt, are sitting on a light-colored couch. They are both looking towards each other with slight smiles. In the foreground, the back of a person with long brown hair, wearing a white shirt, is visible; they are holding a clipboard and a pen. The background is a bright, out-of-focus window with a green plant on the left.

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A man and a woman are sitting on a light-colored couch, looking at each other with slight smiles. The woman has long dark hair and is wearing a blue top. The man has short brown hair and a beard, wearing a light grey button-down shirt. In the foreground, the back of a person's head and shoulders are visible, along with their hands holding a clipboard and pen. The background is a bright, out-of-focus window with a plant on the left.

Trusting
Partnerships

Business

CSR

CSR!



Trusting Partnerships

CSR

Business

Blame Game in the Time of the Global Financial Crisis

Professor Farooqi will talk about the global financial crisis of 2007-2008, which will suggest how a commitment to CSR may actually be a core aspect of properly functioning financial institutions.

References

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Acknowledgements

Introductory slide photograph from LovePik ([The balance], 2017). The “Self-Interest is Self-Defeating” slide is inspired by the “Keep Calm and Carry On” motivational posters from Britain in the Second World War (“Keep Calm”, 2016). The slides on commitment problems and their solution is based on various memes associated with the “Distracted Boyfriend” (2017).