# **Business, Society & Ethics**





18 April, 2019 | Lecture #34



5

Announcements

### The Storm is Almost Here!

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

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

Gird your loins, and start planning accordingly!

Announcements

### **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.







Activity **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.)















### Activity **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:

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

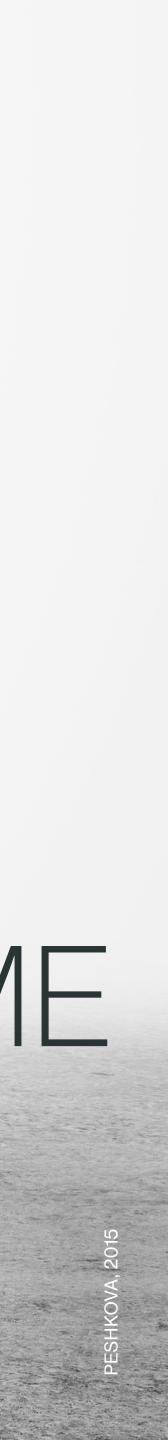
Take the other worker's QAR 40, and give the boss Bribe the Boss: QAR 20 to "look the other way".

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

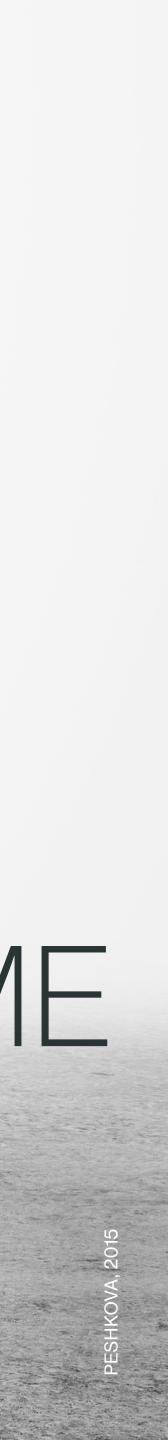






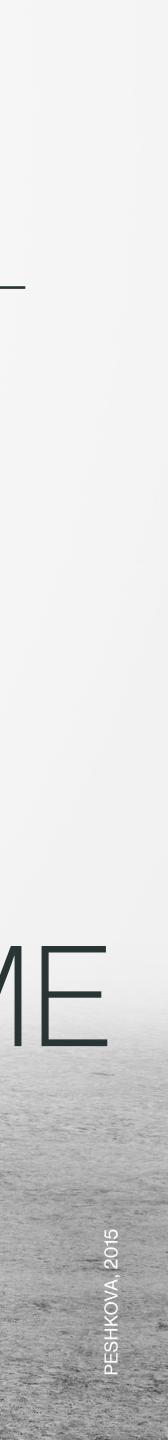


# OR BRIBE



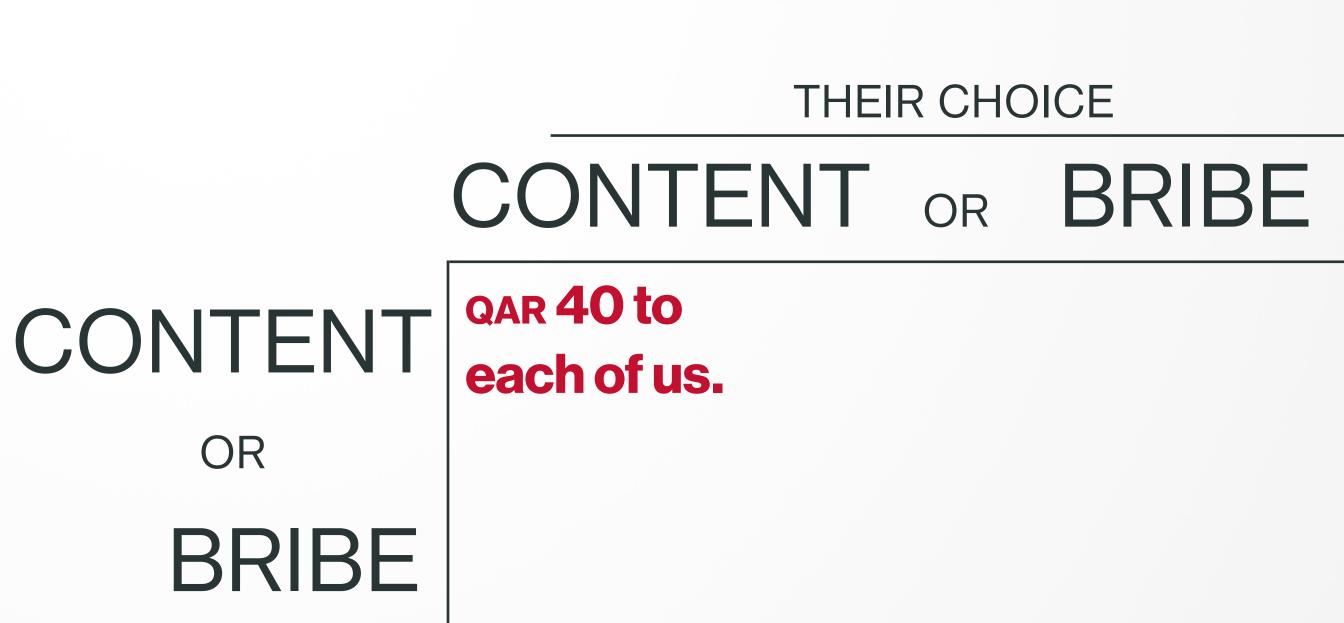
### THEIR CHOICE CONTENT OR BRIBE

# OR BRIBE

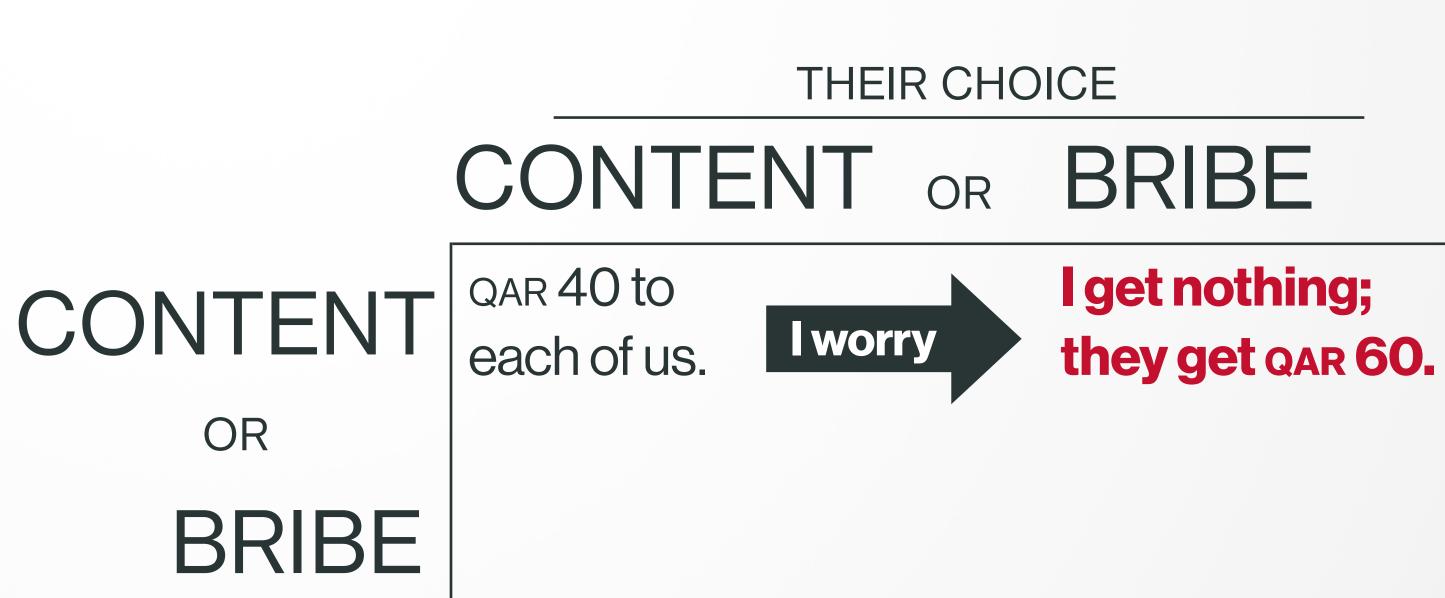


# THEIR CHOICECONTENTORBRIBEORIIBRIBEII





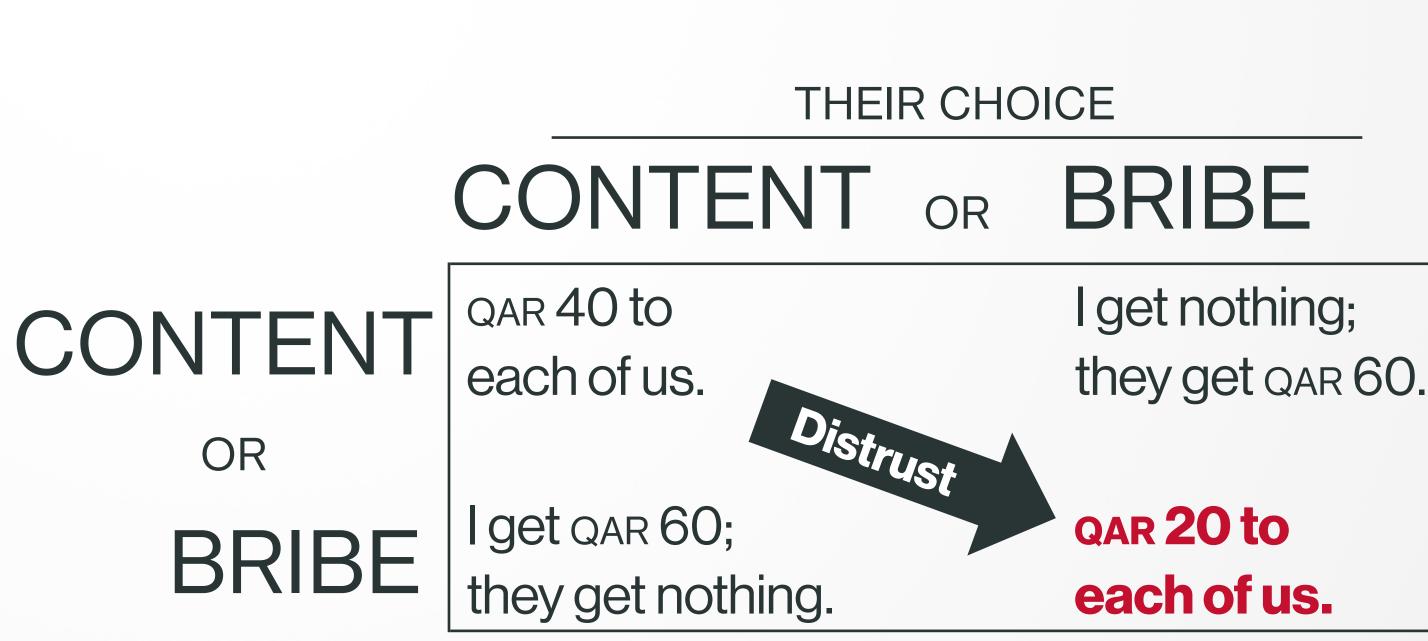




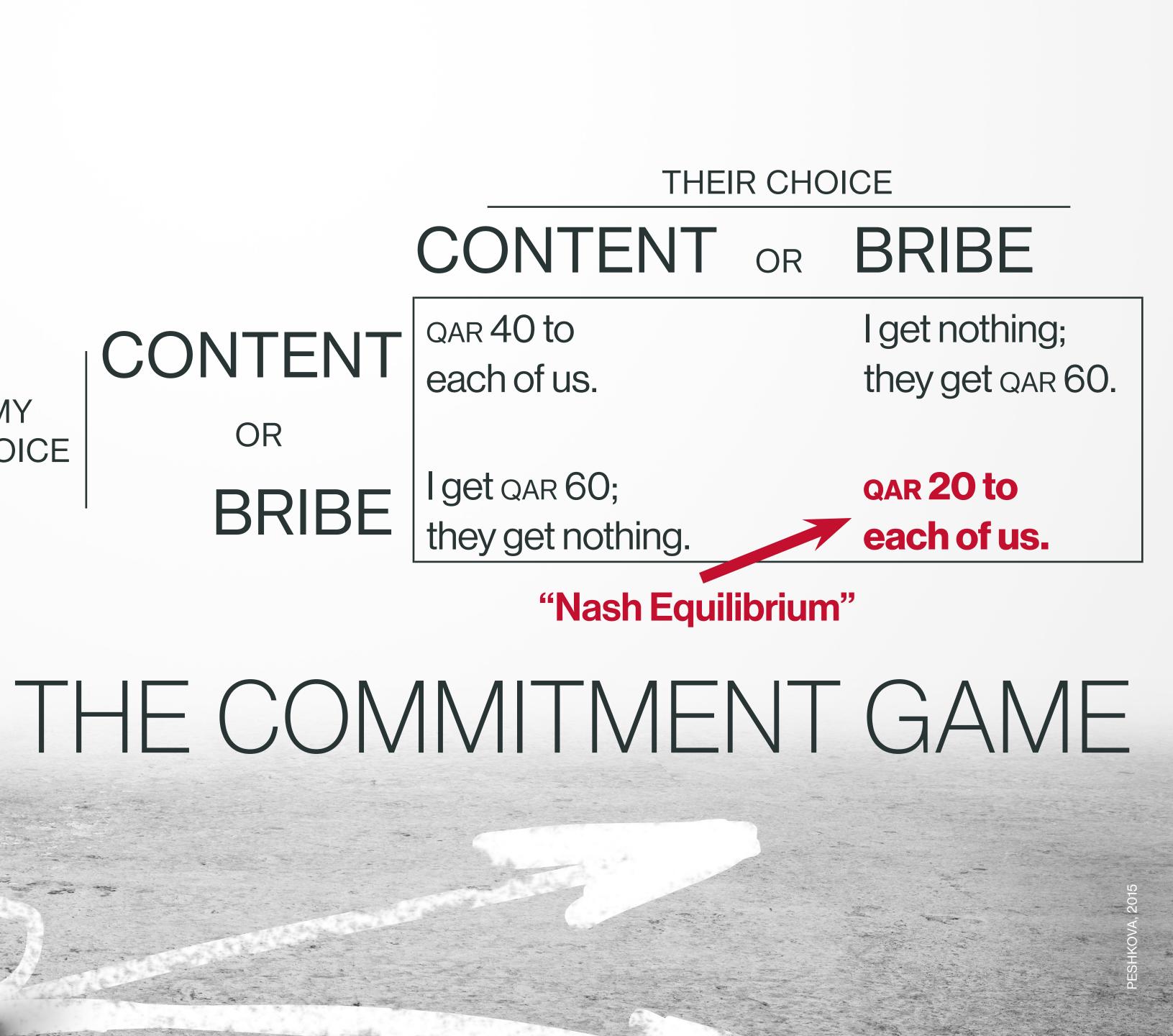


# THEIR CHOICECONTENTORBRIBEQAR 40 to<br/>each of us.I get nothing;<br/>they worryDRI get aar 60;<br/>they get nothing.









#### **A**'s CHOICE

#### B's CHOICE

#### COOPERATE DEFECT OR Second-best Worst for A; COOPERATE for both A & B. Best for B. OR **Second-worst** Best for A; DEFECT Worst for B. for both A & B. "Nash Equilibrium" THE PRISONER'S DILEMMA









# 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



# Immediate Material Gain







# Resolving COMMITMENT PROBLEMS







# ATTENTON

## **NO EXCEPTIONS**



# Regulation

### Not Adding a Sheep to the Commons

# Prudence



# Regulation

# Beneficial Behavior

# Prudence









# SENDING CLEAR Signals



# TRUSTING partnerships



### Trusting Partnerships

GUILLEM, N.D.B

# Prudence

# Cooperate



### Trusting Partnerships

# GUILLEM, N.D.B

# Beneficial Behavior

# Prudence







### Trusting Partnerships





### Trusting Partnerships

# CSR!





### **Next Class 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.



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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).

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