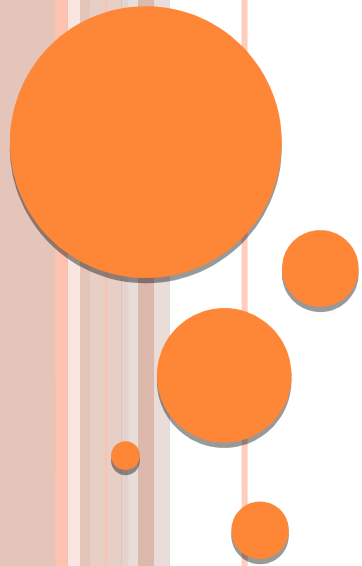


# **UNIT 3**

# **ETHICS IN**


# **MANAGEMENT**



Ethics in Management refers to the ethical treatment of employees, stakeholders, owners as well as the general public by a company.



# ETHICS IN HUMAN RESOURCE MANAGEMENT

- HRM is the process of planning, organizing, directing and controlling human activities to achieve the organizational goal and individual goals.
  - Ethics in HRM indicates the treatment of employees with ordinary decency and distributive justice. The ethical business contributes to the business goals as the employees will feel motivated and they will work with efficiency and effectiveness.
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# UNETHICAL PRACTICES OF HRM

## 1. EMPLOYERS

- Creating split in union / rift of union
- Biased attitude in selection, transfer, promotion etc.
- Child labour & Sexual harassment.
- Physical violence.
- Coercion. (the action or practice of persuading someone to do something by using force or threats)
- Longer and inflexible working hours.
- Putting on more stress on employees for increasing the productivity.
- The use of disputed and doubtful practices in hiring and firing of personnel.
- Allowing differences in pay, discipline, promotion due to influence with top management

## **2. EMPLOYEES**

- False claim of personal details like age, qualifications etc.
- Producing false certificates.
- Taking decisions as per their convenience

## **3. GOVERNMENT**

- Announcing the vacancies and not taking any action further.
- Functioning of government offices is not transparent and reliable..
- Selection committees will be excessively cautious of reservation quotas and possible court cases rather than gaining through the responsibilities.



# **ETHICAL ISSUES IN HUMAN RESOURCE MANAGEMENT**

- **Labour Costs**
- **Opportunity for New Skills**
- **Working Conditions**
- **Honouring Benefit Provisions**
- **Fair Hiring and Justified Termination**
- **Employment Issues**
- **Cash and Compensation Plans**
- **Race, gender and Disability**
- **Privacy Issues**
- **Safety and Health:**
- **Restructuring and layoffs:**
- **Wage empowerment**
- **Employee discipline**
- **Performance appraisal**
- **Whistle blowing**



# What is Sexual Harassment?

**Quid pro quo** is the type of harassment that occurs when some type of employment benefit is made contingent on sexual favors in some capacity. For example, this might be a supervisor

offering a promotion if an employee will meet his or her sexual demands.

- Favorable performance reviews or recommendations,
- Promotions,
- Raises, *and*
- Sought-after work assignments or work shifts.

**Hostile work environment is the type of sexual harassment that occurs when there are frequent or pervasive unwanted sexual comments, advances, requests, or other similar conduct. It can also occur when there is other verbal or physical conduct that is sexual in nature. This could include:**

- Displays of inappropriate or offensive materials;
- Sexual jokes;
- Interference with someone's ability to move freely *and*
- Persistent, unwanted interactions, such as asking for dates continually.





# ETHICS IN MARKETING

- **Marketing** Is the process of communicating the value of a product or service to customers, for the purpose of selling the product or service.
- **Marketing ethics** Refers to the application of marketing ethics into the marketing process. It is the area of applied ethics which deals with the moral principles behind the operation and regulation of marketing.
- In short it means a standard by which a marketing action may be judged right or wrong



# ETHICAL ISSUES IN MARKETING

- **Market Research**
- **Stereotyping**
- **Confidential information or Trade secrets**
- **Fair Competition**
- **Fair dealing**
- **Accepting gifts and bestowing benefits**
- **Unfair or Deceptive marketing practices**
- **Offensive materials and objectionable marketing practices**
- **Product and distribution practices**
- **Special Ethical Issues in Marketing to Children**



# UNETHICAL MARKETING PRACTICES

## ○ **Making false, exaggerated, or unverified claims**

In a desperate bid to compel potential and existing customers to buy their products or services, some marketers use false statements, exaggerated benefits, or make unverifiable claims about their offers. This is common in the weight loss industry, where marketers convince potential buyers that a particular product can help them shed so-and-so pounds within two weeks without exercise or dieting!

## ○ **Distortion of facts to mislead or confuse potential buyers**

This is another common unethical marketing practice. A typical example is when a food processing company claims that its products are sugar-free or calorie-free when indeed they contain sugar or calories. Such a company is only trying to mislead potential buyers, since they are unlikely to buy the products if it is made known that they contain sugar or calories.

- **Concealing dark sides or side effects of products or services**

This unethical marketing practice is rife in the natural remedies industry, where most manufacturers deceive potential buyers that their products have no side effects because they are —*made from natural products* ||. *But in reality, most of these products have been found to have* side effects, especially when used over a long period.

- **Bad-mouthing rival products**

Emphasizing the dark sides of your rival's products in a bid to turn potential customers towards your own products is another common but unethical marketing practice. Rather than resort to this bad strategy, you should emphasize on those aspects that make your offer stand out from the rest of the pack. That's professional and ethical.



## ◦ **Using fear tactics**

This is another common unethical marketing practice among snake oil salespersons stating : “This price is a limited-time offer. If you don’t buy now, the offer will end up in two days time, and the price will go up.” The only motive behind those statements is to prompt the potential buyer to make a decision on the spot which is used as tactics

## **Plagiarism (copycats) of marketing messages**

Though uncommon, some business owners and salespersons engage in using the exact marketing messages of their competitors to market their own products or services. Creativity is a huge part of marketing, and using other businesses’ marketing messages just passes you off as being creatively bankrupt and fraudulent



## ○ **Exploitation**

This is charging for much more than the actual value of a product or service. For marketing efforts to remain with ethical limits; the prices of your offers must be equal to or less than the value they give the buyer. If the value is less than the cost, it's unethical

## ○ **Demeaning references to races, age, sex, or religion**

Ethical marketing must be devoid of all forms of discrimination. If your marketing messages contain lines that place people of certain age range, sex, religion, nationality, or race at a higher level than others, then you are crossing the bounds of ethical marketing.

### **Spamming**

Spamming is when you send unsolicited emails to potential customers, encouraging them to buy the products or services. This is the commonest unethical marketing practice done online.



## ○ Corporate crime

the conduct of a corporation or employees acting on behalf of a corporation, which is proscribed and punishable by law

crimes can be categorised into two sub sects. In the first subsect the employees or the company commits the wrong and in the second subsect the company faces the wrong against itself. Both these categories lead to corporate crimes

1. **White Collar Crimes**
2. **Occupational Crimes**
3. **State Corporate Crime**
4. **Organised Crimes**



# ETHICAL ISSUES IN ADVERTISING

- Vulgarity/Obscenity used to gain consumers' attention
- Misleading information and deception
- Puffery
- Stereotypes
- Racial issues
- Controversial products (e.g. alcohol, gambling, tobacco etc)
- Promote Unhealthy Products





# BASIC PRINCIPALS OF ADVERTISING

- Decency • Honesty
- Social Responsibility •

Truthful presentation

- No Comparisons
- No Imitations
- Safety and health
- Avoidance of Harm
- Environmental behavior & Fair with competitors



# ETHICS IN FINANCE

- **Insider Trading**
- **Stakeholder Interest vs. Stockholder interest**
- **Investment Management**
- **Fraudulent Financial Dealings**
- **Cheating Customers of profits**
- **Unauthorised accounting Transaction**
- **Frauds and Manipulations**
- **Unequal Bargaining power**
- **Unethical takeover and mergers**



## ○ **SEBI & Code of Ethics**

SEBI has to be responsive to the needs of three groups, which constitute the market:

- ↘ the issuers of securities
- ↘ the investors
- ↘ the market intermediaries.

## ○ **What is AICPA?**

American Institute of Certified Public Accountants

It sets ethical standards for the profession and U.S. auditing standards for audits of private companies, non-profit organizations, federal, state and local governments. It also develops and grades the Uniform CPA Examination.



# ETHICAL ISSUES IN INFORMATION TECHNOLOGY

- **Ethical dilemmas**
- **Plagiarism**
- **Piracy**
- **Hacking**
- **Computer crime**
- **Viruses**
- **Ergonomics/health issues.**
- **Job displacement/work pressures**
- **Digital divide**
- **Gender**
- **Nanotechnology**
- **Expert systems**
- **Genetic engineering**
- **Netiquette**



# WAYS TO PREVENT COMPUTER CRIMES



Professional ethics encompass the personal, organizational, and corporate standards of behaviour expected of professionals. Professional ethics are often established by professional organizations to help guide members in performing their job functions according to sound and consistent ethical principles



# **Importance of Employee Code of Conduct**

- Employee code of conduct guides individuals as to how they should behave at the workplace**
- There has to be a proper dress code for employees**
- Employee code of conduct ensures career growth and also benefits the organization in the long run**
- Employee ethics ensures employees attend office on time and genuinely respect their superiors**
- Most essentially, employee ethics is important as it goes a long way in making the value system of employees strong**

