

## Question 1

*Explain the factors that influence ethical behaviour of an employee. List out some examples of various ethical issues faced in a workplace.*

*Or*

*State some examples of ethical issues faced by an individual at the workplace.*

*Or*

*State the ethical issues which are being faced by an individual at the workplace of an industrial organization.*

## Answer

**Ethical decisions are influenced by three key factors:** Individual moral standards, the influence of managers and co-workers and the opportunity to engage in misconduct. While one may have great control over personal ethics outside the workspace, co-workers and the management exert significant control on one's choices at work. The activities and examples set by co-workers along with rules and policies are critical in gaining consistent ethical compliance in an organization. If a company fails to provide good examples and direction for appropriate conduct, confusion and conflict will develop and result in the opportunity for unethical behaviour. *Example:* If the boss or co-workers leave work early, one may be tempted to do so as well. If one sees co-workers making personal long distance phone calls at work and charging them to the company, one may be more likely to do so also. In addition having sound personal values contributes to an ethical work place.

Some examples of ethical issues faced by an individual in the workplace are:

1. Relationships with suppliers and business partners
  - a. Bribery and immoral entertainment
  - b. Discrimination between suppliers
  - c. Dishonesty in making and keeping contracts
2. Relationship with customers
  - a. Unfair pricing

- b. Cheating customers
- c. Dishonest advertising
- 3. Relationship with employees
  - a. Discrimination in hiring, promoting, etc
  - b. Unequal treatment
- 4. Management of resources
  - a. Misuse of official funds
  - b. Tax evasion

### Question 2

*Describe the factors which influence the ethical behaviour at work in an organization*

### Answer

**Factors which influence the ethical behaviour at work-** Ethical decisions in an organization are influenced by three key factors:

1. Individual moral standards: One may have great control over personal ethics outside workplace.
2. The influence of managers and co-workers: The activities and examples set by co-workers along with rules and policies established by the firm are critical in gaining consistent ethical compliance in an organization.
3. The opportunity to engage in misconduct: If a company fails to provide good examples and direction for appropriate conduct; confusion and conflict will develop and result in the opportunity for unethical behavior.

### Question 3

*State with reasons whether the following statement is correct or incorrect:*

*Fairness and honesty are the pillars of success in business.*

### Answer

**Correct:** The success of the business depends very much on fairness and honesty in the business. Fairness and honesty are at the heart of the business ethics and relate to the general values of decision makers. At a minimum, business professionals and persons are expected to follow all applicable laws and regulation. Even then, they are expected not to harm customers, employees, clients or competitors knowingly through deception, misrepresentation, coercion or discrimination.

One aspect of fairness and honesty is related to disclosure of potential harm caused by product use. For *example*, Mitsubishi Motors, a Japanese automaker, faced criminal charges

### 9.3 Business Laws, Ethics and Communication

---

and negative publicity after executives admitted that the company had systematically covered up customer complaints about tens of thousands of defective automobiles over a 20 year period in order to avoid expensive and embarrassing product recalls.

Another aspect of fairness relates to competition. Although numerous laws have been passed to foster competition and make monopolistic practices illegal, companies sometimes gain control over markets by using questionable practices that harm competition.

Rivals of Microsoft, for *example*, accused the software giant of using unfair and monopolistic practices to maintain market dominance with its Internet Explorer browser.

These aforesaid *examples* show that fairness and honesty pay in the long run; they secure the stability of the business and overall reputation in the business world. Therefore, we may say that fairness and honesty are the pillars of success in the business.

#### Question 4

*Answer whether the statement is correct or incorrect with brief reason:*

*Promotion policies based on individual merit and not purely on the basis of seniority is discriminatory.*

#### Answer

**Incorrect:** Discrimination is action based on prejudice resulting in unfair treatment of people. To discriminate socially is to make a distinction between people on the basis of class or category without regard to individual merit. Examples of such discrimination include racial, religious or gender-based discrimination. Distinctions between people which are based just on individual merit (such as personal achievements, skill or ability) are generally not considered socially discriminatory. So seniority alone cannot be the deciding factor for promotion, if the senior person is not fit for the job.

#### Question 5

*What do you understand by the term 'discrimination' in employment as sometime found in an establishment? Explain the basic elements of 'discrimination'.*

**OR**

*State the elements which create discrimination in employment in the business organizations.*

#### Answer

The root meaning of the term discriminate is "to distinguish one object from another". Employment discrimination is treating one person better than another because of their age, gender, race, religion or other protected class of status. Discrimination in employment is wrong because it violates the basic principle of equality. Discrimination is to treat people differently. It is usually intended to refer to the wrongful act of making a difference in treatment or favour on a basis other than individual merit.

Elements of Discrimination: Generally, the discrimination means to distinguish one object from another or treating people differently. It is usually intended to refer to the wrongful act of making a difference in treatment or favour on a basis other than individual merit. Such discrimination may also be related in employment in business organization. The elements which create discrimination may be summarized as follows:

- (i) If the decision against one or more employees is taken which is not based on individual merit, such as the ability to perform a given job, seniority or other morally legitimate qualification.
- (ii) If the decision has been derived solely from racial or sexual prejudice, false stereotypes other kind of morally unjustified attitude against members of which the employee belongs.
- (iii) If the decision has a harmful or negative impact on the interests of the employees, perhaps costing them jobs, promotions or better pay.

Discrimination in employment is wrong because it violates the basic principle of justice by differentiating between people on the basis of characteristics (race or sex) that are not relevant to the tasks they must perform. Looking to these aspects law has also been changed to conform to these moral requirements and to minimize the discrimination in employment in this respect.

#### Question 6

*Write a note on harassment at workplace.*

#### Answer

Harassment is "tormenting by subjecting to constant interference or intimidation". Law prohibits harassing acts and conduct that "creates an intimidating hostile or offensive working environment," which could be a term or condition of an individual's employment, either explicitly or implicitly or such conduct which has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment. Another type of harassment is sexual harassment – situations in which an employee is coerced into giving in to another employee's sexual demands by the threat of losing some significant job benefit, such as a promotion, raise or even the job. Sexual harassment is prohibited and an employer is held responsible for all sexual harassment engaged in by employees, "regardless of whether the employer knew or should have known" the harassment was occurring and regardless of whether it was "forbidden by the employer."

#### Question 7

*Explain the concept of "Sexual harassment" in relation to work place*

## 9.5 Business Laws, Ethics and Communication

---

### Answer

**Concept of Sexual harassment:** Sexual harassment is a situation in which an employee is coerced into giving into another employee's sexual demands by the threat of losing some significant job benefit, such as a promotion, raise, or even the job. This kind of degrading coercion exerted on employees who are vulnerable and defenseless inflicts great psychological harm on the employee, violates the employee's most basic right to freedom and dignity and is an unjust misuse of the unequal power that an employer can exercise over the employee. Sexual harassment is prohibited, and an employer is held responsible for all sexual harassment engaged in by employees.

### Question 8

*Answer whether the statement is correct or incorrect with brief reasons.*

*Ethical behaviour is not essential to working environment at the workplace.*

Or

*Explain the importance of ethical behavior at the workplace.*

OR

*What problems may arise at work place when ethical behaviour is not adopted?*

### Answer

**Incorrect.** Every organization, whether a business or a government agency, is first and foremost a human society. In all these setups, ethical behaviour is essential to working environment. If an employer does not take steps to create a working environment where the employees have a clear, common understanding of what is right and wrong, and feel free to discuss and ask questions about ethical issues and report violations, some significant problems may arise namely:

- (i) Increased risk of employees making unethical decisions.
  - (ii) Increased tendency of employees to report violations to outside regulatory authorities (whistle blowing) because they lack an adequate internal forum.
  - (iii) Inability to recruit and retain top people.
  - (iv) Diminished reputation in the industry and the community.
  - (v) Significant legal exposure and loss of competitive advantage in the market place.
- Therefore, ethical behaviour is essential to working environment at the workplace.

### Question 9

*Explain in brief the measures to ensure ethics in the Work place.*

Or

*State in brief the guidelines for managing ethics and to prevent the need for whistle-blowing in the work place.*

**Answer**

**Managing ethics and preventing whistle-blowing:** The focus on core values and sound ethics, the hall mark of ethical management, is being recognized as an important way to ensure the long term effectiveness of governance structures and procedures and to avoid the need for whistle blowing.

Employers, who understand the importance of work place ethics, provide their work force with an effective framework and guiding principles of identity and address ethical issues as they arise. These guidelines for managing ethics and to avoid the need for whistle-blowing in the work place may be summarized as follows:-

- (a) Have a Code of Conduct and ethics.
- (b) Establishment open communication.
- (c) Make ethical decisions in group and make decision public whenever appropriate.
- (d) Integrate ethics with other management practices.
- (e) Use of cross functional teams when developing and implementing the ethics management programme.
- (f) Appointing an ombudsman.
- (g) Creating an atmosphere of trust.
- (h) Regularly updating of policies and procedures
- (i) Include a grievance policy for employees
- (j) Set an example from the top.

**Question 10**

*Explain the various socio-psychological factors responsible for developing negative attitude by an individual at workplace.*

**Answer**

***Socio-Psychological Factors Responsible for Developing Negative Attitude by an Individual at Work Place:***

*An ethical issue is an identifiable problem, situation or opportunity that requires a person to choose from several actions which could be evaluated as right or wrong. Values reflect enduring beliefs that one holds that influences attitude, action and the choices one make. As individuals, our values are shaped by our personal beliefs. Values developed in childhood and youth are constantly tested and on-the-job decisions reflect the employee's understanding of ethical responsibility. Various socio-*

*psychological factors that could be responsible why individuals could develop negative attitudes or lose personal motivation are:*

- (i) Negative work or life experiences.*
- (ii) Employees failing to respect each others unique personalities.*
- (iii) Overly aggressive financial or business targets.*
- (iv) Pressures to perform and take quick decisions.*

Question 11

*Explain the practices widely recognized as discriminatory in employment.*

Answer

*Discriminatory Practices in Employment: Discrimination in employment is wrong because it violates the basic principle of justice by differentiating between people on the basis of characteristics (race or sex) that are not relevant to the tasks they must perform.*

*It is consequently understandable that the law has gradually been changed to conform to these moral requirements, and that there has been a growing recognition of the various ways in which discrimination in employment occurs. Among the practices now widely recognized as discriminatory are the following:*

*Recruitment Practices: Firms that rely solely on the word-of-mouth referrals of present employees to recruit new workers tend to recruit only from those racial and sexual groups that are already represented in their labor force. Also, when desirable job positions are only advertised in media that are not used by minorities or women or are classified as for men only, recruitment would also tend to be discriminatory.*

*Screening Practices: Job qualifications are discriminatory when they are not relevant to the job to be performed (e.g., requiring a high school diploma or a credential for an essentially manual task.). Job interviews are discriminatory if the interviewer routinely disqualifies certain class of people - for example assumptions about occupations "suitable for women" or the propriety of putting women in "male "environments.*

*Promotion Practices: Promotion, job progression, and transfer practices are discriminatory when employers place males on job tracks separate from those open to women and minorities. When promotions rely on the subjective recommendations of immediate supervisors.*

*Conditions of Employment: Many times wages and salaries are discriminatory to the extent that equal wages and salaries are not given to people who are doing essentially the same work. Another issue is related to fair wages and treatment to workers. Companies subcontracting manufacturing operations abroad are now aware of the ethical issues associated with supporting facilities like child labour that abuse and/or underpay their work forces. Such facilities have been termed "sweatshops."*

*Dismissal: Firing an employee on the basis of his or her race or sex is a clear form of discrimination. Less blatant but still discriminatory are layoff policies that rely on a seniority system, in which women and minorities have the lowest seniority because of past discrimination.*

### Exercise

1. *Explain the importance of Ombudsperson in the workplace?*

[Hints: The ombudsperson is responsible to help & coordinate development of the policies and procedures to institutionalise moral values in the workplace. This establishes a point of contact where employees can go to ask questions in confidence about the work situations they confront and seek advice]

2. *Elaborate 'Communication as an ethical issues'.*

[Hints: Communications is another area in which ethical concerns may arise. False and misleading advertising, as well as deceptive personal-selling tactics, anger consumers and can lead to the failure of a business. Truthfulness about product safety and quality and product labelling are also important to consumers].