

# ETHICS IN MANAGEMENT

## INTRODUCTION:

Management ethics is the ethical treatment of employees, owners and public by a company. A company while needing to make profit, should have good ethics. Ethics and ethical behaviour are the essential parts of healthy management and behaving ethically is an integral part of long term career success.



- Ethics in Management:

- I. Human Resource Management
- II. Marketing
- III. Advertising
- IV. Financial Management
- V. Technology and Professional ethics

# Ethics in HRM

- It is a business function that is concerned with managing relations between employee, employers and managers.
- It consists of acquisition, development and utilization of workforce for the benefit of a business organisation. It includes recruitment, training, positioning, motivation, performance appraisal, promotion policy and developing a committed workforce.
- **Ethics in HRM basically deals with the affirmative moral obligations of the employer towards employees to maintain equality and justice.**



# Role of HR in promoting ethics

- Follow the recruitment policy (needs, selection criteria, preference etc.,)
- Selection must be planned manner.
- Avoid illegal questions.
- Ensure that there is no pitfall in performance appraisal.
- Rewards and disciplinary system
- Improve and facilitate two way communication.
- Avoid any kind of discrimination among the employees.
- Equal opportunities for every employee.
- Measurement should be taken for employee safety.

# Unethical practices of HRM

- **Unethical practices followed by EMPLOYERS:**
- ❖ Creating split in union leaders.
- ❖ Bias attitude in selection, transfer, promotion etc.,(recruitment of friends, relatives)
- ❖ Recruitment of Child labour.
- ❖ Longer and inflexible working hours.
- ❖ More stress on employees.
- ❖ Paying less than the minimum wages prescribed by the Govt.,
- ❖ Providing training to pet employees as a favor, neglecting deserving ones.
- ❖ Starting training programme without proper planning, making it ineffective.
- ❖ Firms often do not care for safety, health, job satisfaction and comfortable working environment for employees.
- ❖ Gender discrimination in salary, discrimination in sanctioning leave to employees. Etc...

# Employees:

- False claim of personal details like age, qualification etc.,
- Producing false certificates.
- Taking decisions as per their convenience.
  
- **GOVERNMENT:**
  - Announcing vacancies and not taking any action further.
  - Delay in fulfilling the vacancies.
  - Selection committee will be excessively cautious of reservation quotas.

# Ethical issues in HR

1. Cash & incentive plans
2. Performance appraisal
3. Framework of laws and regulations for selection
4. Employment issues
5. Privacy issues
6. Safety and health

# Marketing ethics:

It deals with the moral principles behind the operations and regulation of marketing. It is deliberately applying standards of fairness, or moral rights and wrongs, to marketing decision making, behaviour, and practice in the organization.

In other words, marketing ethics is the research of the base and structure of rules of conduct, standards, and moral decisions relating to marketing decisions and practices.

There has been greater focus on organisations adhering to ethical values rather than simply providing products.



# Ethical issues in marketing

1. Market research
2. Market audience
3. Ethics in advertising and promotion
4. Delivery channels
5. Anti competitive practices
6. Pricing ethics
7. Target customers and market
8. Advertising and promotions
9. Pricing ethics

# Unethical practices in marketing

- ❖ Unfair or deceptive marketing practices: deception which can take the form of a misrepresentation, omission, misleading practices etc.,
- ❖ Offensive materials and objectionable marketing practices: when events, television or radio programming or publications sponsored by a marketer, in addition to products or promotional materials are perceived as offensive, they often to create strong negative reactions.
- ❖ Ethical product and distribution practices: sales performance is the most common way in which marketing representatives and sales personnel are evaluated, performance pressures exist that may lead to ethical dilemmas.

- ❖ Marketing over focus on materialism: consumers develop an identity in the market place that is shaped both by who they are and by what they see themselves as becoming. The proliferation of information about products and services complicates decision making.
- ❖ Special ethical issues in marketing to children: children are an important marketing target for certain products. Because their knowledge about products, the media and selling strategies is usually not as well developed.

# Ethics in Advertising

- Advertising plays an important role in brand building and informing public about available products so that they can inform public about available products so that they can make informed choice among different products.

# Positive and Negative aspects of advertising

- **Positive aspects:**
  - It increases sales
  - It make the product popular
  - It helps in brand information
  - It makes the public aware with the available brands or products

## ● Negative aspects:

- False advertising is the use of misleading statement in advertising
- Deceptive advertising
- Many of the advertisements are criticized as manipulative.

# Role or functions of advertising

- Economic functions:

1. It communicates the message in persuasive language
2. It creates wide market as the information is delivered to people far and wide
3. It inclines people favorably about the products

- Social functions:

1. It affects the cultural values
2. It also transfer some cultural values from one society to another
3. It has improved our standard of living
4. It protects the consumer by educating them

# ETHICS IN ADVERTISING

Ethics in advertising means a set of well defined principles which govern the ways of a communication taking place between seller and buyer.



# An ideal ethical advertising shall be:

1. Should not mislead the consumer.
2. What it promises must be there in the performance of products.
3. Ad should not be indecent and obscene
4. As advertising is also a social process, it must honor the norms of social behaviour