Managing Ethical Issues at Work

Dr. Rohit Bansal

Assistant Professor

Department of Management Studies

Vaish College of Engineering, Rohtak

Email: rohitbansal.mba@gmail.com

Introduction

The word ethics is derived from the Greek word 'ethos'. Ethos means character. Chambers twentieth century dictionary defines ethics as the science of morals. It is the branch of philosophy which is concerned with human character and conduct. The word ethics refers to morals and rules of behavior. Webster defines the word 'ethics' as, "the discipline dealing with that which is good and bad and with moral duty and obligations."

Webster's dictionary defines the term 'ethical' as, "conforming to professional standard of conduct. Legal issues and ethical issues are different. Ethical are above the legal issues."

Law normally prescribes minimum regulations necessary for public order whereas the ethics prescribes the highest regulations for public good as a whole and total public order. Further, ethics deals with individual, group, and the entire social good from all dimensions.

Every decision and behavior in organisations will have underlying foundations of ethics, principles, and rules. It is important on the part of managers to ensure that ethical concepts are understood, principles are respected, and rules are observed. Ethics refers to a system of moral principles-a sense of right and wrong, the goodness and badness of actions, the motives and consequences of these actions. As applied to organisations, ethics is the study of good and evil, right and wrong, and just and unjust actions of managers.

Organisational ethics does not differ from generally-accepted norms of good or bad practices. If dishonesty is considered to be unethical and immoral in the society, then any businessman who is dishonest with his or her employees, customers, shareholders, or competitors is also an unethical and immoral person. If protecting others from any harm is considered to be ethical, then a company which recalls a defective or harmful product from the market is an ethical company. To be considered ethical, businessman must draw their ideas about 'what is desirable behavior' from the same source as anybody else would draw. Business should

not try to evolve their own principles to justify 'what is right and what is wrong'. Employees and employers may be tempted to apply special or weaker ethical rules to business situations, but the society does not condone such exceptions. People who are in business are bound by the same ethical principles that apply to society.

Why are Ethics Important?

Ethics are important to business in general, and OB in particular, for the reasons started below:

- Ethics correspond to basic human needs. It is man's basic nature that he desires to be ethical, not only in his private life but also in his workplace where, being a manager, he knows that his decisions may affect the lives of several employees. Moreover, most people want to be part of an organisation which they can respect and be proud of, because they perceive its purpose and activities to be honest and beneficial to the society. Most OB managers would like to respond to this need of their employees, and they (managers) themselves feel an equal need to be genuinely proud of the company they are directing. These basic needs compel the organisations to be ethically oriented.

- Values create credibility with the public. A company perceived by the public to be ethically and socially responsive will be honoured and respected even by those who have no intimate knowledge of its actual working. There will be an instinctive prejudice in favour of its products, since people believe that the company offers value for money. Its public issues will also attract an immediate response.

- Values give the management credibility with its employees.Values are supposed to be a common language to bring the leadership and its people together. Organisational ethics, when perceived by employees as genuine, create common goals, values, and language. The OB manager can have credibility with his or her empoyees simply because he or she has credibility with the public. Neither a sound business strategy, nor a generous compensation policy and fringe benefits above can win employee credibility, but perceived moral and social uprightness can.

- Values help in better decision making. Another point of great importance is that an ethical attitude helps the management make better decisions, that is, decisions which are in the interest of the public, their employees, and the company's own long-term good, even though the decision-making is slower. This is so because respect for ethics will

force a management to take into consideration various aspects-economic, social and ethical-in making decisions.

- Ethics and profit go together. A company which is inspired by ethical conduct is also profitable. Value-driven companies are most likely to be successful in the long run, though in the short run, they may lose money.

- Law cannot protect the society, ethics can. Ethics are important because the government, law, and lawyers cannot do everything to protect the society. Technology develops faster than the government can regulate it. People in an industry know the dangers in a particular technology better than the regulatory agencies. Further, the government cannot always regulate all activities which are harmful to the society. Where law fails, ethics can succeed. An ethically-oriented management take measures to prevent pollution and protect workers health even before being mandated by the law. An ethically sound manager, who can reach out to agitated employees, will quell trouble more effectively than the public.

Ethical Dilemmas

One of the dilemmas managers face is that the distinction between ethical and unethical behavior is not clear. It depends on several factors, such as the person's characteristics, cultural influences, organisational, and external factors. specifically, ethical dilemmas arise from the following:

- Cultural influences
- Organizational influences
- Individual
- External factors

Most ethical dilemmas originate from managing people. Some of these dilemmas are privacy issues related to technology. Computerized monitoring, close-circuit TV viewing, and tapping phones constitute an invasion of privacy for some people. The use of employee data from computerized information systems presents many ethical concerns. Safeguarding the employee's right to privacy and at the same time preserving access to the data for those who need it requires that the manager balances conflicting interests.

Drug testing, downsizing, and layoffs are other dilemmas facing managers. AIDS is probably the most controversial issue which confronts any manager. The problem is going to be

more daunting as more number of people are turning HIV positive. What to do with an employee who is tested HIV positive? Now drugs have promised extended lives for people and this means that AIDS infected people can live long and be productive too. Managers may be caught in a conflict between the rights of HIV-infected workers and the rights of their co-workers who feel threatened.

Sexual harassment is another area of ethical dilemma faced by managers. Sexual harassment is unwelcome sexual attention, whether verbal or physical, that affects an employee's job conditions to create a hostile working environment. Gender harassment includes crude comments or sexual jokes and behavior thats disparage someone's gender or convey hostility towards a particular gender. Unwanted sexual attention involves unwanted touching. Sexual coercion consists of implicit or explicit demands for sexual favours by threatening negative jobs-related consequences or promising job-related rewards.

Many organisations are more tolerant of sexual harassment. Complaints are not taken seriously, it is risky to complain and perpetrators are unlikely to be punished.

Sexual harassment is more likely to occur in male-dominated work places. Managers often defend themselves by demonstrating that they took action to eliminate workplace harassment and that the complaining employee did not take advantage of company procedures to deal with harassment. Sexual harassment complaint lodged by Reka Maximovitch, former employee of infosys against phaneesh murthy, a Board member, is typical of the point. Infosys agreed to pay $3 million to the complainant through an out of court settlement. The issue has almost died down.

Whistle blowing is another area of ethical dilemma in the workplace. Like the blowing of a whistle by a referee to indicate violations of rules on a play field, whistle-blowing in an organisation refers to disclosure by former or current employees of any illegal, immoral, or illegitimate practices involving its employees. Employees either make organisational misconduct public or inform it to top management.

Whistle-blowing becomes an ethical issue because employees are not expected to speak against their own employers or colleagues and because it is in the public interest in allowing firms to operate without harassment from insiders. Company information is generally considered to be proprietary and private.

If employees, based on their personal points of view, are freely allowed to expose issues to

the public, the organisation may be thrown into turmoil and be unable to operate efficiently. On the other hand, there may be situations in which the society's interests override those of the organisation. So an employee may feel it obligatory to blow the whistle.

Employee remuneration poses yet another ethical dilemma. Often a situation arises where an executive is paid higher incentives than what the individual deserves. A common rationale presented to bend the rules is the fear of losing outstanding executive perquisites make the ethical stand of the organisation difficult because their cost is often out-of proportion to the value added.

Performance appraisal lends itself to ethical issues. Assessment of an individual should be based on performance or potential for performance. Often, performance rating is based on unrelated factors, such as loyalty to the boss, religion or caste of the assessee, and the like.

Ethics should be the cornerstone of performance, and the overall objective of ethically done performance reviews should be honest assessment of performance and development plan for improving the assessee's effectiveness.

Managing Ethics

In the past, in most firms it was assumed that ethics was a matter of individual conscience. But the scenario has changed. Today, many organisations are using managerial techniques that are designed to encourage ethical behavior. Some of the managerial interventions to ensure ethical conduct are worth stating in this context.

- **Top Management**: It is the CEO who should take yhe initiative in ensuring ethical standards in his or her organisation. The words of J.R.D. Tata are worth recollecting in this context. 'Ethical conduct has also worked against our growth. What would happened if our philosophy was like that of some other companies, which don't stop at any means to attain their ends. I have often thought of that and I have come to the conclusion that if we were like these other groups, we would be twice as big today. What we have sacrificed is a 100% growth'. In addition, the top management must avoid adopting busines strategies, schedyles, and reward systems that place unreasonable pressure on employees.

- **Code of conduct**: Code of ethics has become a popular concept. These codes vary from book-length formulations to succinct statements in one or two pages and express a

general philosophy for managing conflicts. Nearly 95% of the fortune 500 companies have codes, and the trend is visible in the corporate sector in india also. The code of ethics describes the general value system of the organisation, defines the organisation's purpose, and provides guidelines for decision-making consistent with these principles. Codes of ethics identify acceptable and unacceptable behavior in organisations, much as laws do for society at l

- **Ethics committees**: Many companies have ethics committees to advice on ethical issues. Such a committee can be high-level one comprising the board of directors, chaired by the CEO of the company. The committees field questions from employees, help the company in establishing policies in new or uncertain areas, advice the board of directors on ethical issues, and oversee the enforcement of the code of ethics.

- **Ethics hot lines**: In some companies, when employees are troubled about some ethical issue but are reluctant to raise it with their immediate supervisor, they can make a call on the company's 'ethics hot line'. A member of the ethics committee receives the confidential call and then quickly investigates the situation. Elaborate steps are taken to protect the identity of the caller, so as to encourage more employees to report any such deviant behaviours. This technique is advantageous in as much as the matter is settled internally, which is better for a company than to have a situation where disgruntled employees take their ethical complaints to the media

- **Ethics training programmes**: Nearly all companies which take ethics serious, provide training in ethics to their managers and other employees. In such training programmes, company personnel are made familiar with the official company policy on the ethical issues, and it is shown how those policies can be translated into specific every-day decision-making. Often, simulated cases based on actual events in the company are used to illustrate how to apply ethical principles to on-the-job problems. Generally speaking, training in ethics is not effective when it is conducted by the company managers themselves rather than by external agencies. To make such a training effective, it is important that it is steered away from abstract philosophical discussions and focuses on specifics of the work environment of those attending.

- **Ethics and law**: Law and ethics have a common aim-defining proper and improper behaviour. But the two are not quite the same. Laws are the society's attempt to

formalize. However, it is rarely possible for written rule to capture all the subtle variations that people give to ethics. Ethical concepts are more complex than written rules. Ethics deals with human dilemmas that frequently go beyond the formal language of law and the meanings given to legal rules.

- **Improving ethical decision-making**: Ethical decisions are difficult to make. They cannot be programmed like production and inventory decisions. This section explains the practical difficulties in decision-making and guidelines which help managers in making the right choice.

Conclusion

In nutshell, we can conclude that that consideration and management of ethical issues can enhance the capabilities of employees and cultural value of organization. Companies having constant focus on managing ethical issues can boost the confidence of employees and control the negative energy arising of ethical difficulties by organizational culture and refinement and remove the behavioural conflicts. That is why it is said now-a-days that ethical responsibilities and managing ethical issues have guiding role in organizations.

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