



CONTEMPORARY MANAGEMENT ISSUES

WEEK 8

BUSINESS ETHICS & THE EMPLOYEES



LEARNING OBJECTIVES

At the end of this topic, you are expected to:

1. Understanding the core ethical issues of employees' rights and duties;
2. Analyze the ethical issues and problems faced in business-employee relations, by focusing particularly on the different rights of employees; and
3. Examine basic issues and problems of managing employees in the different cultural and national contexts necessitated by globalization.



INTRODUCTION

Human capital is most valuable assets of an organization. There are so many ethical issues involving employer-employee relations especially in areas of employee's rights, obligations, benefits, performance, working conditions, and human rights.

However, there are also countless issues where interest of the organizations and employees' welfare become the areas of ethical conflicts – termed as 'moral hazard'.



EMPLOYEES AS STAKEHOLDERS

Employees are the most important stakeholders of the firm because people create reality, It is the employees who produces the kind of quality of the products or services.

The relations of employees and the corporation are based on legal document – an employment contract. This conflicts have been the concern of governmental regulations since the period of industrial revolution.



EMPLOYEES AS STAKEHOLDERS

Whilst the firm invest *money* in providing the needs of the employees, on the other hand the employees invest *efforts, knowledge, and skills* that the firm needs. This relationships comprise the common interest that is boding and dependencies on each other to pursue organizational objectives.

However, these dependencies are also the source of the conflicts between them.



THE EMPLOYER'S MORAL HAZZARD

If the employees face moral hazard, the employer is also confronted with similar arrays of ethical issues:

- **Control** – *refers to the power of the employer to ensure that the employees follow certain rules, policies, and procedures in performing its duties and obligations.*



THE EMPLOYER'S MORAL HAZZARD

- **Skills** – *the employee's continued employment depends upon the knowledge, skills, and abilities that the employer needs in order to achieve its objectives. The employees are free to offer the same resources to competitors.*

However, the employer usually invest money in order to provide these competences to its employees. With the employee leaves, he will bring with him these qualities and the firm loses its investment in training.



EMPLOYEES' RIGHTS AS STAKEHOLDERS

Employees' Rights	Issues involved	
Right to freedom from discrimination	• equal opportunities • affirmative action	• reverse discrimination • sexual and racial harassment
Rights to privacy	• health and drug testing • work-life balance	• absenteeism and tardiness • electronic privacy
Rights to participation and association	• free association and trade unions	• participation in company's decision-making
Rights to healthy and safe working conditions	• working conditions	• occupational health and safety
Rights to due process	• promotions • disciplinary proceedings	• hiring and firing
Rights to wages	• fair and equitable pay	• industrial action
Rights to freedom of conscience and speech	• whistle blowing	• free flow of communications
Right to work (EEO regulations)	• fair treatment of all applicants	• non-discriminatory rules for recruitment



EMPLOYEES' DUTIES AS STAKEHOLDERS

Employee duties	Issues involved	
Duty to comply with employment contract	• acceptable levels of performance	• work quality • loyalty to the firm
Duty to comply with the laws	• bribery	• exploitation of labor
Duty to respect employer's property	• working time • fraud, embezzlement, theft	• unauthorized use of company resources for private purposes



DISCRIMINATION

Discrimination in employment occurs when employees receive preferential or less preferential treatment on the basis on non-job related qualification or performance.

Most common workplace discriminations are in the area of *race, age, religion, disability, and nationality*. Likewise in *marital status, physical appearance, sexual orientation*.

This makes *managing diversity* popular.



SEXUAL & RACIAL HARRASMENT

Issues of diversity in the inflect of *physical, verbal, or emotional harassment, sexual favours* requested in exchange for promotion or other rewards or jokes/ comments about a person's gender, race, sexual orientation, etc.

In order to handle these case, companies developed *diversity management* programmes.



EQUAL OPPORTUNITY & AFFIRMATIVE ACTION

The Equal Employment Opportunity (EEO) regulation is a government rules advocating fairness and equality but the rules usual does not specify how the cases shall be handled, leaving to the discretion of the management.

Some companies have developed '*affirmative action*' programmes with the purpose of promoting/protecting women, disabled, racial minorities, and minors.



EQUAL OPPORTUNITY & AFFIRMATIVE ACTION

Other issues are in the areas of the following:

- recruitment
- fair job criteria
- training programmes for discriminated minorities
- promotion for senior citizens
- employee privacy



EMPLOYEES' PRIVACY

Physical privacy – the right to one's own space (*e.g. installation of cameras in employees dressing rooms*).

- Social privacy – freedom to interact with other people in whichever he choosed.
- Information privacy – protection of personal data (*e.g. revealing personal data to other persons without permission of the concerned employee*).
- Psychological privacy – controlling emotional and cognitive inputs and outputs, (*e.g. compelling employees to smile in front of customers*).



EMPLOYEES' PRIVACY

Human rights – indignation to the personality of the employee (*e.g. showing picture of indignation in public*).

Health & drug testing – this has been a highly contested issue of business ethics especially that it will entail future health prospects, such as:

- Potential to do harm
- Causes employee performance
- Levels of performance
- Electronic privacy and data protection
- Due process and lay-offs



EMPLOYEES' PARTICIPATION

It is logical that employees be given the opportunity to participate in decision-making especially in areas affecting them. Some of which include:

- Financial participation
- Operational participation
 - Delegation
 - Information
 - Consultation
 - welfare



EMPLOYEES' WORKING CONDITIONS

The right to healthy and safe working conditions has been an ethical concerns of employees, Includes:

- Excessive working hours (the 8-hour law)
- Presenters / absenteeism
- Flexible working patterns
- Fair and equitable compensation
- Freedom of conscience and freedom of speech in the workplace
- Right to work
- Relevant duties of employees to business context



ETHICAL CHALLENGES OF GLOBALISATION

Ethical treatment for employees has been a global concerns in business:

- National culture and moral values
- Absolutism vs. relativism
- Some yardsticks for ethical decision-making



SUSTAINABLE EMPLOYMENT

Sustainability is always premised on the concept of 'triple bottom line' (*e.g. economic, social, environmental perspectives*). In employment, sustainability would explicitly concerns the following:

- Re-humanized workplace
- Wider employment opportunities
- Work-life balance



SUMMARY & CONCLUSION

We discussed the core ethical issues of employees' rights and duties and the problems arising out of employer-employees relations by examining their respective rights and obligations.

We viewed with restraints the emerging ethical issues in managing employees in the context of cultural diversities especially at global arena. Some of the issued tackled are:

- employees' discriminations
- sexual and racial harassment;
- equal opportunity and affirmative action;
- employees' privacy;
- employees' participation;
- employees' working conditions; and
- sustainable employment.



CONCLUSION

Employer-employee relations is one of the contentious issues in business ethics. Nearly the entire spectrum of human rights is touched in contemporary business environment.

Globally, there has been attempts to rationalize and harmonize the relations of these two business stakeholders.

The corporate responsibility and the facilitation of these rights is particularly complex and contestable when their operations become more globalize.



TUTORIAL

Form two small discussion group teams.

Discuss the implication of employer-employee relationship and how do each party may be accused of unethical treatment to the other.

Group 1: Employer side

Group 2: Employee side



REFERENCES

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