SCHOOL OF ELECTRICAL AND ELECTRONICS

DEPARTMENT OF ELECTRONICS AND COMMUNICATION ENGINEERING

UNIT 5 – PRINCIPLES OF MANAGEMENT AND PROFESSIONAL ETHICS (SBA1101)

Ethics in Workplace - Formulation of Ethics - Managerial Ethics - Managing Ethical Behaviour - Codes of Ethics - Encouraging Ethical Behaviour - Ethical Leadership - Ethical Decision making. Corporate Social Responsibility (CSR) - Intellectual Property Rights (IPR)- Meaning-Laws relating to Intellectual Property Rights (IPRs) M

INTRODUCTION TO ETHICS

The word "ethics" is derived from the Greek word "ethos", which refers to character. Webster defines 'ethics' as "The discipline dealing with that which is good and bad and with moral duty and obligations".

MEANING OF BUSINESS ETHICS

"Business Ethics" deals with morality in the business environment. It involves moral judgments, based on the understanding of the norms of society. Ethics extends beyond the legal question and involves goodness or badness of an act. Therefore, an action may be legally right but ethically wrong. Example: In a small village, a trader may charge a high price for his product; and legally he may be entitled to do so but morally, this is not fair.

The study and examination of moral and social responsibility in relation to business practice and decision making in business is known as "Business Ethics".

The term "business" is commonly referred to the commercial activities achieved at making profit. But gradually there is a substantial change in the way in which people viewed the business. In the past primary objective of a business was profit maximization but the present perspectives on business objectives is not maximization. It is profit maximization in long run besides fulfilling the ethics in the business. A business is regarded as social institution forming integral part of social systems .The business is viewed as subsystem to the social system. This is because any type of social system is influenced by:

1. The way the business functions

2. The organization of the business

3. Innovations

4. Transmission and diffusion of information.

5. New ideas etc.

They have either direct or indirect effect on the society.

Business Ethics is the behavior that a business adheres to in its daily dealings with the world. The ethics of a particular business can be diverse. They apply not only to how the business interacts with the world at large, but also to their one-on-one dealings with a single customer. When business people speak about "business ethics" they usually mean one of three things: (1) avoid breaking the criminal law in one's work-related activity; (2) avoid action that may result in civil law suits against the company; and (3) avoid actions that are bad for the company image. Businesses are especially concerned with these three things since they involve loss of money and company reputation.

ETHICS IN WORK PLACE:

Workplace ethics are codes of conduct that influence the development of an ethical culture within the workplace. Going beyond what is considered legal in the area where the business operates, workplace ethics inspire communication between employees, allow for respect to be extended to each person within the organization, and promote customer relationships that are based on honesty and integrity. While there are core elements that tend to define a work-based code of ethics, the specific expressions of these central values vary from one corporate setting to the next.

It is important to remember that workplace ethics are shaped by two important factors. First, workplace policy must be in harmony with all laws and regulations that are currently in force in the jurisdiction where the business operates. This helps to ensure that basic workplace ethics preclude any pressure or coercion to engage in actions that are considered to be illegal, promote discrimination in the workplace, support unfair hiring and firing practices, or allow wages to be set that are below the minimum legal standards for the area.

Along with being shaped by laws and regulations, workplace ethics are also influenced by business ethics For example, ethical business practices would include actions such as not using marketing materials or campaigns that mislead consumers. Workplace ethics would also involve establishing and operating support networks such as wellness programs that help employees be healthy and happy. Ethics of this type would also involve the conscious effort to cultivate a working environment where people want to come to work and be productive because of pride in what they do for a living.

While businesses tend to comply with laws and regulations set by local jurisdictions, not every company sees the need to develop workplace ethics that affirm the worth of employees and

motivate them to be productive on the job. When a company chooses to do no more than what is required by local law, the chances of heavy employee turnover are much higher. In addition, it is easier for cliques to develop among certain groups of employees, a state that can often undermine productivity and cost the company a great deal in terms of time and revenue generation.

FORMULATION OF ETHICS:

Family Ethics are formulated through the operation of five forces in the individual's environment:

1. Influences: the formulation of ethics begins when the individual is a small child parents demonstrate high ethical standards.

2. Peer Influence: As the child develops contacts outside the home through school, play and work, peer exert considerable influence on the individuals ethical beliefs

3. Experience: As a person matures and develops as a human being, he or she will be exposed to many critical experiences that will affect his or her ethical standards.

4. Values and Morals: People who have high value on money and material possessions may have strong ethical standards. People who value the quality of life enjoyed by all living creatures will have strong ethics.

5. Situational Fact us: People often change their ethics in response to unforeseen situational fact us.

MANAGERIAL ETHICS:

Managerial ethics illustrate a rather sensitive issue. The recent business history has proven ethics as a rather challenging objective of larger organizations. The following topics / views may illustrate fundamental issues in the current debate. The current competing views include "Maximize Profit" and "society's welfare".

Maximizing profits illustrate the greatest commitment to shareholder and stakeholders. In this particular theory, the managerial staff is only committed to maximize the bottom-line in terms of profit: a mean to an end in order to achieve the highest possible profits. Society's welfare illustrates a common goods approach.

In this particular approach managerial staff attempts to achieve a balance between the bottom-line and social welfare of the society and employees. It is of great interest to explore the theoretical aspects of managerial issues and compare them to real practices.

The two above name theories assume that managerial issues are constrained and objective; stakeholders vs. society. On the other hand, the reality proves a rather multi dimensional reality; stakeholders vs. society vs. culture vs. religion vs. politics vs. diversity vs. personality vs. globalization vs. many other unpredictable factors. Further, both of theories appear to be better suited for larger organizations: small businesses encounter more immediate issues such as revenue and cash flow rather than managerial ethics.

Most small businesses ran by savvy business people are less concerned about ethics. Out of extensive experience in consulting small businesses, I can confidentially stat that I have never met a small business owner that was not willing to take unethical actions in order to maximize profits. Given the fact that this is not a scientific statement, it is important to view this statement in terms of personal experiences, which conflicts with the academic management practices.

Moreover, there is more to the issue of ethics. Given the fact that both competing theories consider some sort of managerial responsibility to someone or some group, illustrates a major weakness of both theories. Both theories fail to point to the necessity of "perception". It is hypocritical to expect only one segment of a society i.e. businesses to create value or consider societal consequences.

Thus, most business simply attempt to create a perception of societal responsibilities rather than genuine concerns In terms of creating profits, it is important to understand that in practical terms, it is difficult to create social awareness or consider social issues without being able to prove their value to the business shareholder or stakeholder. Thus, any managers' first priority should be profits, once the objective of achieving the highest possible profits have been achieved, an organization can effort to pursue alternate goals of societal concerns and improvement. Some people may argue that societal benefits / concerns may have a direct influence on the bottom line of any given business.

However, it is important to point to the fact that it is extremely difficult to quantify the direct impact of societal charity work on corporate profits. It is merely possible to use anecdotal and qualitative data in order to assign arbitrary real value to such social actions. Ultimately, it is important to consider the main goal of any given company i.e. profits. It is

further important to allow for businesses to pursue and achieve their goals before they can be expected to become beneficial corporate citizens.

MANAGINIG ETHICAL BEHAVIOUR:

Managing ethical behavior is a one of the most pervasive and complex problems facing business organizations today. Employees' decisions to behave ethically or unethically are influenced by a myriad of individual and situational factors. Background, personality, decision history, managerial philosophy, and reinforcement are but a few of the factors which have been identified by researchers as determinants of employees' behavior when faced with ethical dilemmas. The literature related to ethical behavior is reviewed in this article, and a model for understanding ethical behavior in business organizations is proposed. It is concluded that managing ethics in business organizations requires that managers engage in a concentrated effort which involves espousing ethics, behaving ethically, developing screening mechanisms, providing ethical training, creating ethics units and reinforcing ethical behavior.

CODES OF ETHICS:

Definition: Written guidelines issued by an organization to its workers and management, to help them conduct their actions in accordance with its primary values and ethical standards.

A code of ethics is a set of guidelines which are designed to set out acceptable behaviors for members of a particular group, association, or profession. Many organizations govern themselves with a code of ethics, especially when they handle sensitive issues like investments, health care, or interactions with other cultures. In addition to setting a professional standard, a code of ethics can also increase confidence in an organization by showing outsiders that members of the organization are committed to following basic ethical guidelines in the course of doing their work.

The format of a code of ethics can vary widely. Unlike more straightforward employee guidelines and codes, a code of ethics usually starts with a section that sets out the purpose, aspirations, and goals of the parent organization. For example, the 2002 code of ethics for the American Psychological Association (APA) begins: "Psychologists are committed to increasing scientific and professional knowledge of behavior and people's understanding of themselves and others and to the use of such knowledge to improve the condition of individuals, organizations, and society."

Following a general introduction to the function and goals of an organization is a section dedicated to setting out specific behavior standards for members. This section usually covers potential ethical issues such as confidentiality, partisanship, or misuse of information. In addition to addressing theoretical ethical minefields, a code of ethics often contains a section which outlines the procedures for handling grievances, both outside and inside the organization.

A well written code of ethics will be easy to follow and very clear, with sections that people can point to in order to illustrate specific issues. In the sense of organizations like the APA, members agree to support the code of ethics both because it is good practice and because it promotes their organization. A code of ethics also stands behind most scientific experimentation, ensuring that the results are valid and that the testing was carried out in an ethical way.

A code of ethics: A **code of ethics** often focuses on social issues. It may set out general principles about an organization's beliefs on matters such as mission, quality, privacy or the environment. It may delineate proper procedures to determine whether a violation of the code of ethics has occurred and, if so, what remedies should be imposed. The effectiveness of such codes of ethics depends on the extent to which management supports them with sanctions and rewards. Violations of a private organization's code of ethics usually can subject the violator to the organization's remedies (such as restraint of trade based on moral principles). The code of ethics links to and gives rise to a code of conduct for employees.

ENCOURAGING ETHICAL BEHAVIOUR:

Most authorities agree that there is room for improvement in business ethics. One of the most problematic questions raised in relation to business ethics is whether or not businesses can become more ethical in the real world. The majority opinion on this issue suggests that government, trade associations, and individual firms can indeed establish acceptable levels of ethical behavior.

The government can do so by legislating more stringent regulations. But, rules require enforcement and when in many cases there is evidence of lack of enforcement even the ethical businessperson will tend to "slip something by" without getting caught. Increased regulation may help, but it surely cannot solve the entire business ethics problems.

Trade associations can and often do provide ethical guidelines for their members. These organizations within particular industries are in an excellent position to exert pressures on

members that stoop to questionable business practices. However, enforcement and authority vary from association to association. Moreover, exactly because trade associations exist for the benefit of their members, harsh measures may be self-defeating.

Employees can more easily determine and adopt acceptable behavior when companies provide them with a "code of ethics." Such codes are perhaps the most effective way to encourage ethical behavior. A code of ethics is a written guide to acceptable and ethical behavior that outlines uniform policies, standards and punishments for violations. Because employees know what is expected of them and what will happen if they violate the rules, a code of ethics goes a long way towards encouraging ethical behavior. However, codes cannot possibly cover every situation. Companies must also create an environment in which employees recognize the importance of complying with the written code. Managers must provide direction by fostering communication, actively modeling and encouraging ethical decision making, apart from investing in training employees to make ethical decisions.

Sometimes, even employees who want to act ethically may find it difficult to do so. Unethical practices can become ingrained in an organization. Employees with high personal ethics may then take a controversial step called "whistle blowing." Whistle blowing is informing the press or government officials about unethical practices in an organization. Whistle blowing could have averted disaster and prevented needless deaths in the Challenger space shuttle disaster, for example. How could employees have known about life-threatening problems and let them pass? Whistle blowing on the other hand, can have serious repercussions for employees; those who make waves sometimes lose their jobs.

Recent literature has suggested several strategies for promoting ethical behavior in organizations (Adler and Bird, 1988; Burns, 1987; Harrington, 1991; Raelin, 1987; Stead et.al., 1990). First, chief executives should encourage ethical consciousness in their organizations from the top down showing the support and care about ethical practices. Second, formal processes should be used to support and reinforce ethical behavior. For example, internal regulation may involve the use of codes of corporate ethics, and the availability of appeals processes. Finally, it is recommended that the philosophies of top managers as well as immediate supervisors focus on the institutionalization of ethical norms and practices that are incorporated into all organizational levels.

Organizations and their managers must understand that the above recommendations are key components in the development and maintenance of an ethically-oriented organizational culture. Organizations can also enhance an ethically-oriented culture by paying particular attention to principled organizational dissent. Principled organizational dissent is an important concept linking organizational culture to ethical behavior. Principled organizational dissent is the effort by individuals in the organization to protest the status quo because of their objection on ethical grounds, to some practice or policy (Graham, 1986). Organizations committed to promoting an ethical climate should encourage principled organizational dissent instead of punishing such behavior.

Organizations should also provide more ethics training to strengthen their employees' personal ethical framework. That is, organizations must devote more resources to ethics training programs to help its members clarify their ethical frameworks and practice self-discipline when making ethical decisions in difficult circumstances.

An effective organizational culture should encourage ethical behavior and discourage unethical behavior. Although much remains to be learned about why ethical behavior occurs in organizations and creating and maintaining organizational cultures that encourage ethical behavior, organizations can benefit from the following suggestions:

** Be realistic in setting values and goals regarding employment relationships. Do not promise what the organization cannot deliver.

** Encourage input throughout the organization regarding appropriate values and practices for implementing the cultures. Choose values that represent the views of employees at all levels of the organization.

** Do not automatically opt for a "strong" culture. Explore methods to provide for diversity and dissent, such as grievance or complaint mechanisms or other internal review procedures.

** Insure that a whistle-blowing and/or ethical concerns procedure is established for internal problem-solving (Harrington, 1991).

** Provide ethics training programs for all employees. These programs should explain the underlying ethical and legal (Drake and Drake, 1988) principles and present practical aspects of carrying our procedural guidelines. Understand that not all ethical situations are clear-cut. Like many basic business situations, the organization should recognize that there are ambiguous, grey

areas where ethical tradeoffs may be necessary. More importantly, some situations have no simple solution (Cooke, 1991).

** Integrate ethical decision-making into the performance appraisal process.

SOCIAL RESPONSIBILITY:

Definitions of Social responsibility:

- Social responsibility is an ethical or ideological theory that an entity whether it is a government, corporation, organization or individual has a responsibility to society at large. ...

- A voluntarily assumed obligation toward the good of a larger social unit as opposed to the self alone

- Occurs when a retailer acts in the best interests of society -- as well as itself. The challenge is to balance corporate citizenship with a fair level of profits.

- It is about improving the quality of relations with key stakeholders. Novo Nordisk defines it as putting values into action in the perspective of human resources, human rights, health and safety, and our relations with society at large.

- Responsibilities citizens have to their society and nation.

- Involves considering the impact and being accountable for the effects that actions might have on society.

- It can be defined as accepting responsibility for others and taking action against social injustice. it includes meeting the needs of others through charitable giving.

- Koontz and O'Donnell have given the definition of social responsibility thus: "The personal obligation of the people as they act in their own interests to assure that the rights and legitimate interests of others are not infringed."

SOCIAL RESPONSIBILITIES OF BUSINESS

A firm expresses its responsibility to the society by reacting in either or both of the following two ways.

1. The manner in which it carries out its own business activities

2. The welfare activities it takes upon itself as an additional function

RESPONSIBILITY TO SHARE HOLDERS

1. To make the shareholders feel secured by protecting their investments

2. To be transparent

3. To allow them to participate in decision making

4. To ensure them good dividends

RESPONSIBILITY TO EMPLOYEES

1. To offer employees fair wages

2. To establish better working conditions

3. To provide them fair work standards and norms.

4. To provide labor welfare activities

5. To educate the employees by adopting proper training methods.

6. To recognize and appreciate the work of the employees and reward them or to promote them.

7. To install grievance handling cell.

8. To enable them to involve in decision making.

RESPONSIBILITY TO CONSUMERS

1.To improve the efficiency of the business by

a) Increasing productivity.

b) Improving quality.

c) Suroothening distribution system.

2. To offer the products at reasonable prices.

3. To provide pre-purchase and post purchase service to the consumers.

4. To facilitate research and development to meet the customer requirements.

5. To maximize imperfections in distribution systems

6. To provide sufficient and unnecessary information about the product.

RESPONSIBILITY TO COMMUNITY

1. To be pollution free and maintain ecological balance.

2. To invest more in research and development so as to improve the standard of living of the society.

3. To develop alternative recourses thereby preventing current resources being used from exhaustion.

4. To improve the efficiency of business operations.

5. To include in social welfare activities

6. To contribute to national effort to build up a better society

If a firm fulfills all the above mentioned responsibilities then it is said to be following the business ethics. But in practice such an ideal business doesn't exist.

FEW ENVIRONMENTAL CONCERNS

One important factor a business man must not neglect is his responsibility to environment. The abundant natural resources are getting exhausted after 19th century due to rapid industrialization.

Land:

The worst effected are as their cattle starve and they travel even increasing distance for grazing due to industrialization and urbanization.

Water:

Through people are keen in this issue by constructing dams and reservoirs the bi products and industry waste couldn't find a better discharge channel than this. Hence sure measure must be take in this context to keep the water free from pollution.

Deforestation:

The results of deforestation for industrialization and urbanization are vulnerable. It is resulting in destruction of wild life, increase in price of wood, air production etc.

Habitat:

The people who are living in forests and remote areas love their shelter and livelihood in the vent of industrialization.

Health:

The business users must be conscious about the health of the society and behave responsibility for their health.

INTELLECTUAL PROPERTY RIGHTS - IPR

Definition

Intellectual property rights are legal rights that provide creators protection for original works, inventions, or the appearance of products, artistic works, scientific developments, and so on.

Intellectual property is the product of the human intellect including creativity concepts, inventions, industrial models, trademarks, songs, literature, symbols, names, brands,....etc.

- Intellectual Property Rights are similar to other property rights. They allow the owner to completely benefit from his/her product which was initially an idea that developed and crystallized.
- They also entitle him/her to prevent others from using, dealing or tampering with his/her product without prior permission from him/her. He/she can in fact legally sue them and force them to stop and compensate for any damages.

History of IPR

IPR is a well known concept which is believed to be started in North Italy during the Renaissance era. In 1474, Venice issued a law regulating patents protection that granted an exclusive right for the owner. The copyright dates back to 1440 A.D. when Johannes Gutenberg invented the printing press with replaceable/moveable wooden or metal letters. Late in the 19th century, a number of countries felt the necessity of laying down laws regulating IPR. Globally, two conventions constituting the basis for IPR system worldwide had been signed; Paris Convention for the Protection of Industrial Property (1883) Berne Convention for the Protection of Literary and Artistic Works (1886).

Protection of Intellectual Property Rights

Protection of IPR allows the innovator, brand owner, patent holder and copyright holder to benefit from his/her work, labor and investment, which does not mean monopoly of the intellect. Such rights are set out in the International Declaration of Human Rights, which provides for the right to benefit from the protection of the moral and physical interests resulting from the right holder's work; literal or artistic product.

Intellectual property rights-IPR

- New innovations in all IPR domains lead to Human progress and advancement.Legal protection of new innovations encourages safe spending on other innovations.Caring for and protecting IPR contribute to achieving economic and social development.
- Patent, is a legal document granted by the government giving an inventor the exclusive right to make, use, and sell an invention for a specified number of years. Patents are also available for significant improvements on previously invented items.
- The goal of the patent system is to encourage inventors to advance the state of technology by awarding them special rights to benefit from their inventions. Books, movies, and works of art cannot be patented, but protection is available for such items under the law

of copyright. Patent law is one branch of the largeone branch of the larger legal field known as intellectual property, which also includes trademark and copyright law.

- Patent law centers round the concept of novelty and inventive step (or lack of obviousness). The right which they accord is to prevent all others, not just imitators but even independent devisors of the same idea from using the invention for the duration of the patent.

- The special potential of a patent is accordingly that it may be used to prevent all others from including any form of invention in their product and services. A patent thus poses serious difficulties for its competitors. This is why patents are not freely available for all industrial improvements but only what is judged to qualify as a patentable invention.

What is patentable?

To qualify for a patent, the invention must meet three basic tests. First, it must be novel, meaning that the invention did not previously exist. Second, the invention must be non-obvious, which means that the invention must be a significant improvement to existing technology. Simple changes to previously known devices do not comprise a patentable invention. Finally, the proposed invention must be useful. Legal experts commonly interpret this to mean that no patent will be granted for inventions that can only be used for an illegal or immoral purpose.

Some types of discoveries are not patentable. No one can obtain a patent on a law of nature or a scientific principle even if he or she is the first one to discover it. For example, Isaac Newton could not have obtained a patent on the laws of gravity, and Albert Einstein could not have patented his formula for relativity, $E=mc2$.

The Importance of Intellectual Property Rights

The purpose of intellectual property rights is to encourage new creations, including technology, artwork, and inventions, that might increase economic growth. Intellectual property rights increase the incentives for individuals to continue to produce things that further create job opportunities and new technologies, while enabling our world to improve and evolve even faster.

According to The U.S. Chamber of Commerce's Global Innovation Policy Center:

- Intellectual Property Creates and Supports High-Paying Jobs

- IP-intensive industries employ over 45 million Americans and hundreds of millions of other people worldwide. The average worker in an IP-industry also earns about 46% more than his or her counterpart in a non-IP industry.
- Intellectual Property Drives Economic Growth and Competitiveness

America's IP is worth approximately US$6.6 trillion, which is more than the nominal GDP of any other country in the world. IP-intensive industries account for over 1/3– or 38.2%– of total U.S. GDP. 52% of all U.S. merchandise exports are related to IP, and this amounts to nearly US$842 billion.

There are four types of intellectual property rights (IP): patents, trademarks, copyrights, and trade secrets.

Types of Intellectual Property Rights

Patent

A patent is used to prevent an invention from being created, sold, or used by another party without permission. Patents are the most common type of intellectual property rights that come to people's minds when they think of intellectual property rights protection. A Patent Owner has every right to commercialize his/her/its patent, including buying and selling the patent or granting a license to the invention to any third party under mutually agreed terms. Hence a Patent is an exclusive right granted by law to an inventor or assignee to prevent others from commercially benefiting from his/her patented invention without permission, for a limited period f time in exchange for detailed public disclosure of patented invention.

There are three different categories that patents can fall under:

1. **Utility**: A utility patent protects the creation of a new or improved product, process, composition of matter, or machine that is useful. An example of utility patent: Method for a driver assistance system of a vehicle US9772626B2

2. **Design**: A design patent protects the ornamental design on a useful item. An example of design patent: Electric bicycle USD845178S1

3. **Plant**: A plant patent protects new kinds of plants produced by cuttings or other nonsexual means. An example of plant patent: Crapemyrtle plant named 'JM1' USPP31585P2

Trademark

Trademarks are another familiar type of intellectualproperty rights protection. A trademark is a distinctive sign which allows consumers to easily identify the particular goods or services that a company provides. Some examples include McDonald's golden arch, the Facebook logo, and so on. A trademark can come in the form of text, a phrase, symbol, sound, smell, and/or color scheme.

Copyright

Copyright does not protect ideas. Rather, it only covers "tangible" forms of creations and original work–for example, art, music, architectural drawings, or even software codes. The copyright owner has the exclusive right to sell, publish, and/or reproduce any literary, musical, dramatic, artistic, or architectural work created by the author.

Trade Secret

Trade Secret is any information of commercial value concerning production or sales operations which is not generally known. The owner of a trade secret must take reasonable measures to maintain its confidentiality. Trade secrets are the secrets of a business. They are proprietary systems, formulas, strategies, or other information that is confidential and is not meant for unauthorized commercial use by others. This is a critical form of protection that can help businesses to gain a competitive advantage.Although intellectual property rights protection may seem to provide a minimum amount of protection, when they are utilized wisely, they can maximize the benefit and value of a creation and enable world-changing technology to be developed, protected, and monetized.

Trademark:A trademark is a sign that individualizes the goods or services of a given enterprise and distinguishes them from those of competitors. To fall under law protection, a trademark must be distinctive, and not deceptive, illegal or immoral.

 An Integrated Circuit:A product, in its final form or intermediate form, in which the elements, or at least one of which is an active element, and whereby the interconnections are integrally formed in and/or on a piece of material, which is intended to perform an electronic function.