**LEARNER GUIDE**

**Comply With Organisational Ethics**

Unit Standard 252217

Level 4 Credits 4

# TABLE OF CONTENTS

[TABLE OF CONTENTS 1](#_Toc127364821)

[PERSONAL INFORMATION 3](#_Toc127364822)

[INTRODUCTION 4](#_Toc127364823)

[Structure 4](#_Toc127364824)

[Programme methodology 4](#_Toc127364825)

[What Learning Material you should have 5](#_Toc127364826)

[Different types of activities you can expect 6](#_Toc127364827)

[Learner Administration 7](#_Toc127364828)

[Assessments 7](#_Toc127364829)

[Learner Support 8](#_Toc127364830)

[Learner Expectations 10](#_Toc127364831)

[UNIT STANDARD 252217 11](#_Toc127364832)

[DESCRIBE THE CODE OF CONDUCT AND ETHICAL ISSUES 13](#_Toc127364833)

[General Code Of Ethics And Conduct SO1 AC1 13](#_Toc127364834)

[What is a Code of Conduct? 13](#_Toc127364835)

[Equality 13](#_Toc127364836)

[Human dignity 13](#_Toc127364837)

[Freedom and security of the person 13](#_Toc127364838)

[Slavery, servitude and forced labour 14](#_Toc127364839)

[Privacy 14](#_Toc127364840)

[Freedom of religion, belief and opinion 14](#_Toc127364841)

[Labour relations 14](#_Toc127364842)

[Environment 14](#_Toc127364843)

[Children 15](#_Toc127364844)

[Just administrative action 15](#_Toc127364845)

[The Code Of Conduct In The Workplace SO1 AC2 15](#_Toc127364846)

[Marketing ethics SO1 AC3 17](#_Toc127364847)

[Dumping 17](#_Toc127364848)

[False advertising 17](#_Toc127364849)

[Greenwash 19](#_Toc127364850)

[Price fixing 20](#_Toc127364851)

[Shill 20](#_Toc127364852)

[Pyramid scheme 20](#_Toc127364853)

[Bid rigging 21](#_Toc127364854)

[Market research 21](#_Toc127364855)

[Bribery 22](#_Toc127364856)

[The Code of Conduct and Ethics (SO1 AC4) 22](#_Toc127364857)

[What is Ethics? 22](#_Toc127364858)

[Why should you have a Code of Ethics? 23](#_Toc127364859)

[ADHERE TO THE CODE OF CONDUCT 24](#_Toc127364860)

[What Is Corporate Culture? 24](#_Toc127364861)

[Values 24](#_Toc127364862)

[Norms 25](#_Toc127364863)

[Purpose of the code of conduct SO2 AC1-4 25](#_Toc127364864)

[IDENTIFY AND UNDERSTAND THE ETHICAL ISSUES IN THE ORGANISATION 27](#_Toc127364865)

[A Definition Of Ethics SO3 AC1 27](#_Toc127364866)

[Ethical Rules 27](#_Toc127364867)

[Morality 28](#_Toc127364868)

[Business and ethics SO3 AC2 29](#_Toc127364869)

[Ethics In Business 30](#_Toc127364870)

[Ethical issues are acted upon and applied SO3 AC3 32](#_Toc127364871)

[Unethical Practices in the workplace 32](#_Toc127364872)

[Good Work Ethics 32](#_Toc127364873)

[Cost Of Poor Ethics 33](#_Toc127364874)

[Contributing to an ethical work environment: 33](#_Toc127364875)

[Report unethical behaviour in the workplace SO3 AC4 33](#_Toc127364876)

[When the code of ethics is breached 34](#_Toc127364877)

[BEFORE the code of ethics is breached 34](#_Toc127364878)

PERSONAL INFORMATION

|  |  |
| --- | --- |
| **NAME** |  |
| **CONTACT ADDRESS** |  |
|  |
| **Code** |  |
| **Telephone (H)** |  |
| **Telephone (W)** |  |
| **Cellular** |  |
| **Learner Number** |  |
| **Identity Number** |  |
|  | |
| **EMPLOYER** |  |
| **EMPLOYER CONTACT ADDRESS** |  |
|  |
| **Code** |  |
| **Supervisor Name** |  |
| **Supervisor Contact Address** |  |
|  |
| **Code** |  |
| **Telephone (H)** |  |
| **Telephone (W)** |  |
| **Cellular** |  |

INTRODUCTION

#### Welcome to the learning programme

Follow along in the guide as the training practitioner takes you through the material. Make notes and sketches that will help you to understand and remember what you have learnt. Take notes and share information with your colleagues. Important and relevant information and skills are transferred by sharing!



This learning programme is divided into sections. Each section is preceded by a description of the required outcomes and assessment criteria as contained in the unit standards specified by the South African Qualifications Authority. These descriptions will define what you have to know and be able to do in order to be awarded the credits attached to this learning programme. These credits are regarded as building blocks towards achieving a National Qualification upon successful assessment and can never be taken away from you!

Structure

### Programme methodology



The programme methodology includes facilitator presentations, readings, individual activities, group discussions and skill application exercises.

Know what you want to get out of the programme from the beginning and start applying your new skills immediately. Participate as much as possible so that the learning will be interactive and stimulating.

The following principles were applied in designing the course:

* Because the course is designed to maximise interactive learning, you are encouraged and required to participate fully during the group exercises
* As a learner you will be presented with numerous problems and will be required to fully apply your mind to finding solutions to problems before being presented with the course presenter’s solutions to the problems
* Through participation and interaction the learners can learn as much from each other as they do from the course presenter
* Although learners attending the course may have varied degrees of experience in the subject matter, the course is designed to ensure that all delegates complete the course with the same level of understanding
* Because reflection forms an important component of adult learning, some learning resources will be followed by a self-assessment which is designed so that the learner will reflect on the material just completed.

This approach to course construction will ensure that learners first apply their minds to finding solutions to problems before the answers are provided, which will then maximise the learning process which is further strengthened by reflecting on the material covered by means of the self-assessments.

#### Different role players in delivery process

* Learner
* Facilitator
* Assessor
* Moderator

### What Learning Material you should have

This learning material has also been designed to provide the learner with a comprehensive reference guide.

It is important that you take responsibility for your own learning process; this includes taking care of your learner material. You should at all times have the following material with you:

|  |  |
| --- | --- |
| **Learner Guide** | **This learner guide is your valuable possession:**  This is your textbook and reference material, which provides you with all the information you will require to meet the exit level outcomes.  During contact sessions, your facilitator will use this guide and will facilitate the learning process. During contact sessions a variety of activities will assist you to gain knowledge and skills.  Follow along in the guide as the training practitioner takes you through the material. Make notes and sketches that will help you to understand and remember what you have learnt. Take and share information with your colleagues. Important and relevant information and skills are transferred by sharing!  This learning programme is divided into sections. Each section is preceded by a description of the required outcomes and assessment criteria as contained in the unit standards specified by the South African Qualifications Authority. These descriptions will define what you have to know and be able to do in order to be awarded the credits attached to this learning programme. These credits are regarded as building blocks towards achieving a National Qualification upon successful assessment and can never be taken away from you! |
| **Formative Assessment Workbook** | The Formative Assessment Workbook supports the Learner Guide and assists you in applying what you have learnt.  The formative assessment workbook contains classroom activities that you have to complete in the classroom, during contact sessions either in groups or individually.  You are required to complete all activities in the Formative Assessment Workbook.  The facilitator will assist, lead and coach you through the process.  These activities ensure that you understand the content of the material and that you get an opportunity to test your understanding. |

### Different types of activities you can expect

To accommodate your learning preferences, a variety of different types of activities are included in the formative and summative assessments. They will assist you to achieve the outcomes (correct results) and should guide you through the learning process, making learning a positive and pleasant experience.



The table below provides you with more information related to the types of activities.

| **Types of Activities** | **Description** | **Purpose** |
| --- | --- | --- |
| **Knowledge Activities** | You are required to complete these activities on your own. | These activities normally test your understanding and ability to apply the information. |
| **Skills Application Activities** | You need to complete these activities in the workplace | These activities require you to apply the knowledge and skills gained in the workplace |
| **Natural Occurring Evidence** | You need to collect information and samples of documents from the workplace. | These activities ensure you get the opportunity to learn from experts in the industry.  Collecting examples demonstrates how to implement knowledge and skills in a practical way |

### Learner Administration



#### Attendance Register

You are required to sign the Attendance Register every day you attend training sessions facilitated by a facilitator.

#### Programme Evaluation Form

On completion you will be supplied with a “Learning programme Evaluation Form”. You are required to evaluate your experience in attending the programme.

Please complete the form at the end of the programme, as this will assist us in improving our service and programme material. Your assistance is highly appreciated.

### Assessments

The only way to establish whether a learner is competent and has accomplished the specific outcomes is through the assessment process. Assessment involves collecting and interpreting evidence about the learners’ ability to perform a task.

To qualify and receive credits towards your qualification, a registered Assessor will conduct an evaluation and assessment of your portfolio of evidence and competency.

This programme has been aligned to registered unit standards. You will be assessed against the outcomes as stipulated in the unit standard by completing assessments and by compiling a portfolio of evidence that provides proof of your ability to apply the learning to your work situation.



**How will Assessments commence?**

#### Formative Assessments

The assessment process is easy to follow. You will be guided by the Facilitator. Your responsibility is to complete all the activities in the Formative Assessment Workbook and submit it to your facilitator.

#### Summative Assessments

You will be required to complete a series of summative assessments. The Summative Assessment Guide will assist you in identifying the evidence required for final assessment purposes. You will be required to complete these activities on your own time, using real life projects in your workplace or business environment in preparing evidence for your Portfolio of Evidence. Your Facilitator will provide more details in this regard.

To qualify and receive credits towards your qualification, a registered Assessor will conduct an evaluation and assessment of your portfolio of evidence and competency.

### Learner Support

The responsibility of learning rests with you, so be proactive and ask questions and seek assistance and help from your facilitator, if required.



Please remember that this Skills Programme is based on outcomes based education principles which implies the following:

* You are responsible for your own learning – make sure you manage your study, research and workplace time effectively.
* Learning activities are learner driven – make sure you use the Learner Guide and Formative Assessment Workbook in the manner intended, and are familiar with the workplace requirements.
* The Facilitator is there to reasonably assist you during contact, practical and workplace time for this programme – make sure that you have his/her contact details.
* You are responsible for the safekeeping of your completed Formative Assessment Workbook and Workplace Guide
* If you need assistance please contact your facilitator who will gladly assist you.
* If you have any special needs please inform the facilitator

### Learner Expectations

Please prepare the following information. You will then be asked to introduce yourself to the instructor as well as your fellow learners



|  |
| --- |
| Your name: |
|  |
|  |
| The organisation you represent: |
|  |
|  |
| Your position in organisation: |
|  |
|  |
| What do you hope to achieve by attending this course / what are your course expectations? |
|  |
|  |
|  |
|  |
|  |

# UNIT STANDARD 252217

#### Unit Standard Title

Comply with organisational ethics

#### NQF Level

4

#### Credits

4

#### Purpose

The person credited with this unit standard will be able to describe the organisational code of conduct and ethical issues while adhering to the code of conduct. Learners will also be able to identify and understand the ethical issues in the organisation.

The qualifying learner is capable of:

* Describing the code of conduct and ethical issues.
* Adhering to code of conduct.
* Identifying and understanding the ethical issues in the organisation.

#### Learning Assumed To Be In Place And Recognition Of Prior Learning

Learners accessing this unit standard will have demonstrated competence in:

* Communication at NQF Level 3 or equivalent.
* Mathematical Literacy at level on the NQF Level 3 or equivalent.

#### Unit Standard Range

* Stakeholders will include customers, suppliers, the public, employees, management, consumer councils, local government, shareholders, trade unions and financial institutions.
* Marketing including all forms of marketing communications direct marketing and relationship marketing, sponsorship, event marketing, sales promotions, public relations and alternative strategies.
* Media will include all electronic, print, outdoor, digital media, e-media and direct media.
* Code of conduct and ethics excluding rules, regulations, laws, unwritten rules and any method which helps in dealing with behaviours in marketing.

#### Specific Outcomes and Assessment Criteria:

**Specific Outcome 1**

Describe the code of conduct and ethical issues.

**Assessment Criteria**

* The purpose of the code of conduct is explained.
* The principles of a code of conduct are identified and explained.
* The relationship between the code of conduct and successful marketing is explained.
* The implications the code of conduct and ethics have on an organisation is explained.

**Specific Outcome 2**

Adhere to code of conduct.

**Assessment Criteria**

* Code of conduct is sourced and obtained.
* Code of conduct is read, studied and explained.
* Code of conduct is applied and implemented.
* Deviations from the code are identified and remedial action is taken to comply.

**Specific Outcome 3**

Identify and understand the ethical issues in the organisation.

**Assessment Criteria**

* Ethical issues are identified.
* Ethical issues are explained.
* Ethical issues are acted upon and applied.
* Deviations from ethical issues are identified and remedial action is taken to comply.

#### Unit Standard Accreditation And Moderation Options

* An individual wishing to be assessed (including through RPL) against this unit standard may apply to an assessment agency, assessor or provider institution accredited by the relevant ETQA.
* Anyone assessing a learner against this unit standard must be registered as an assessor with the relevant ETQA.
* Any institution offering learning that will enable achievement of this unit standard or assessing this unit standard must be accredited as a provider with the relevant ETQA.
* Moderation of assessment will be conducted by the relevant ETQA at its discretion.

#### Unit Standard Essential Embedded Knowledge

* A comprehensive knowledge of the company's/organisation's code of conduct.
* A broad understanding of the ethics which apply to marketing issues in an organisation.
* A basic understanding of how codes of conduct and ethics fit into a marketing organisation.

#### Critical Cross-field Outcomes (CCFO):

**Unit Standard CCFO Identifying**

Identify and solve problems related to the code of conduct or ethical issues.

**Unit Standard CCFO Collecting**

Collect, evaluate, organise and critically evaluate information related to ethics and code of conduct so that these are accurately interpreted into behaviour standards.

**Unit Standard CCFO Demonstrating**

Understand the world as a set of related systems in that marketing behaviours are interrelated to the overall success of the individual or team.

**Unit Standard CCFO Contributing**

Being culturally sensitive across a range of social contexts so that the application of the code of conduct and ethics are acceptable to all stakeholders with broad cultural backgrounds.

# DESCRIBE THE CODE OF CONDUCT AND ETHICAL ISSUES

#### ***Specific Outcome 1***

Describe the code of conduct and ethical issues.

#### ***Assessment Criteria***

* The purpose of the code of conduct is explained.
* The principles of a code of conduct are identified and explained.
* The relationship between the code of conduct and successful marketing is explained.
* The implications the code of conduct and ethics have on an organisation is explained.

## General Code Of Ethics And Conduct SO1 AC1

### What is a Code of Conduct?

**A statement and description of required behaviours, responsibilities, and actions Expected Of Employees Of An Organization Or Of Members Of A Professional Body. A Code Of Conduct Usually Focuses On Ethical And Socially Responsible Issues And Applies To Individuals, Providing Guidance On How To Act In Cases Of Doubt Or Confusion.**

As in introduction to this section, we will discuss a general code of ethics and conduct that should apply to workplaces throughout South Africa.

Although many more things than are highlighted here have changed for the better in the New South Africa, this is a summary of ethics applicable to the workplace that should be in place in all businesses.

The general code of ethics is done in line with the Constitution

### Equality

**The state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.**

We all know that in the old South Africa, discrimination on the basis of race and sex was practiced in all aspect of the working world. This is no longer allowed and people should be appointed, promoted and remunerated according to their capabilities.

### Human dignity

**Everyone has inherent dignity and the right to have their dignity respected and protected.**

Non one may make fun of you because you are a woman or of a different race and your employers must respect your dignity as a human being. Telling racist or sexist jokes in the workplace is no longer acceptable. You must also respect the human dignity of others, including women, children and even people whose political or religious beliefs differ from yours!

### Freedom and security of the person

**to be free from all forms of violence from either public or private sources;**

**not to be treated or punished in a cruel, inhuman or degrading way.**

When disciplinary action is taken, you may not be treated in a cruel, inhuman or degrading way and no violence is allowed when disciplining is applied. Police may not resort to brutality when they arrest you or when you are in custody. Similarly, you may also not attach someone else, resist arrest by violent means or treat anyone else in a cruel, inhuman or degrading way. This includes women and child abuse.

### Slavery, servitude and forced labour

**No one may be subjected to slavery, servitude or forced labour.**

Your employer may no longer expect you to work for food and a place to stay. It may be part of your salary or wage package but you must also be paid money for your work.

### Privacy

**Everyone has the right to privacy, which includes the right not to have their possessions seized**

This means that no one may take what belongs to you – not in the workplace, not at home. Your property is your property and no one else may claim it or steal it.

### Freedom of religion, belief and opinion

**Everyone has the right to freedom of conscience, religion, thought, belief and opinion.**

**Everyone has the right to freedom of expression, which includes freedom of the press and other media;**

**The right in subsection (1) does not extend to**

1. **propaganda for war;**
2. **incitement of imminent violence; or**
3. **advocacy of hatred that is based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm.**

You are allowed to the religious belief of your choice. In the old South Africa, when you applied for a job, you were questioned about your religious beliefs. Employers are no longer allowed to ask you about your religious beliefs.

### Labour relations

**Everyone has the right to fair labour practices.**

You are allowed to join trade unions and seek legal advice regarding labour matters. Of course, the employer also has this right. You have to be treated fairly and the correct procedures have to be followed in case of disciplinary action. You have the right to view the disciplinary code of the organisation and you have the right to institute grievance procedures. Your employer has the right to expect you to treat his property with respect, to do your job as laid down, to follow orders relating to the job and not to steal from him, be it goods or time. the employer has the right to institute disciplinary action against you if you do not abide by the rules.

### Environment

**Everyone has the right to an environment that is not harmful to their health or well-being**

Organisations should not dump potentially hazardous waste of any kind in areas not designated for such waste products.

### Children

**Every child has the right not to be required or permitted to perform work or provide services that are inappropriate for a person of that child's age; or**

**place at risk the child's well-being, education, physical or mental health or spiritual, moral or social development**

Employers may no longer make use of child labour or force parents to send their children to work. Similarly, parents may not force their children to go to work if the above conditions are not met.

### Just administrative action

**Everyone has the right to administrative action that is lawful, reasonable and procedurally fair.**

People in positions of power may not ask for a bribe or some other form of remuneration in order to award contracts or do their jobs that they are paid for. When you are stopped by a traffic officer, he may not accept a gift from you in order not to give you a ticket. When you are in a position of power, you may not solicit bribes, gifts or any other form of remuneration with which you can enrich yourself, in exchange for favours, awarding contracts, etc.

In general, your employer may not expect you to do something that is against your religion and your own personal code of ethics, such as: lying to clients, industrial espionage, dump hazardous waste in inappropriate places, etc. Similarly, you may not damage your employers good name, business relationships, property, etc. due to your lack of ethics.

## The Code Of Conduct In The Workplace SO1 AC2

The Code of Conduct will set up agreed rules about how employees in the organisation must behave. Even cabinet ministers have a code of conduct that they must adhere to.

The Code of Conduct is a declaration of the ethical principles, organisational values and acceptable behaviour expected from all employees and managers in the workplace.

Most organisations implement mission, vision and value systems to reinforce positive behaviour and to create a sense of belonging for the workforces. Examples of company values are: openness, fairness, accountability and responsibility, honesty etc.

This Code of Conduct is intended to assist employees and managers to identify and resolve ethics in the workplace.

Most organisations are diverse workforces with different relationships to one another. These relationships may be based on power or status and it is therefore imperative that all employees and managers respect the rights and responsibilities of others.

The relationship between accountability, responsibility and business ethics in the business environment is usually encapsulated in the business’s **Code of Conduct**, a document outlining the core values and practices that the business ascribes to.

Examples of topics usually addressed by codes of conduct:

|  |  |
| --- | --- |
| Preferred style of dress | Avoiding illegal drugs |
| Following instructions of superiors | Being reliable and prompt |
| Maintaining confidentiality | Not accepting personal gifts from stakeholders |
| Avoiding racial or sexual discrimination | Avoiding conflict of interest |
| Complying with laws and regulations | Not using the business’s property for personal use |
| Not discriminating against race or age or sexual orientation | Reporting illegal or questionable activity |
| Being reliable and prompt | Following instructions of superiors |
| Not accepting personal gifts from stakeholders, | Avoiding racial or sexual discrimination |
| Not using the business’s property for personal use |  |

The code of conduct of a company may be stated very simply. The former aircraft manufacturing giant McDonnell Douglas had a corporate ethics policy which simply stated that employees should be **honest and trustworthy** in all relationships. Other organisations have highly complex codes of conduct which address many areas of possible employee behaviour.

The code of conduct can also extend to a promise made to the organisation’s customers, as is the case in the Code of Banking Practice, where banks commit to the following:

#### Key commitments of the banks

Banks undertake to honour the following key commitments to clients:

* Act fairly and reasonably, with uncompromising integrity, in all their dealings with clients
* Ensure that all products and services comply with the COBP
* Provide information and assist clients to understand the products and services
* Follow established Internal Dispute Resolution Procedures and inform clients regarding the Ombudsman where applicable

#### Conduct by the bank

The client can expect the bank to:

* Market and approve credit responsibly
* Correct errors and compensate the client where appropriate
* Take particular care in explaining all the relevant issues with regard to mortgage bonds and applicable insurance
* Take responsibility for losses in certain circumstances
* Give clients notice of closure of accounts, branches, ATM's and other outlets
* Publish contact details with regard to the reporting of stolen/lost cards
* Advise the client of set-off against an account
* Explain the impact of suretyships to both clients and sureties
* Confirm in writing (where reasonable and appropriate) any relaxation or arrangement with regard to indebtedness
* Ensure that the client does not sign documents unless fully completed
* Act only on the written instruction of a client

#### Conduct by the client

The bank expects the client to:

* Keep the bank informed of changes in his/her personal details and financial situation
* Take safety precautions when using:
* Cheque books
* Cards
* Internet, Cellphone, Telephone Banking and ATM’s
* Take due care when transacting
* Manage his/her banking products properly

## Marketing ethics SO1 AC3

There are many issues to consider regarding marketing ethics. We will discuss some marketing tactics that can be considered unethical.

Bait and switch

Bait and switch is a form of fraud in which the party putting forth the fraud (for example a store selling electrical appliances) lures in customers by advertising a product or service at a very low price, then reveals to potential customers that the advertised good is not available but that a substitute is.

The goal of the bait-and-switch is to convince some buyers to purchase the substitute good as a means of avoiding disappointment over not getting the bait

### Dumping

Dumping is defined as the act of a manufacturer in one country exporting a product to another country at a price which is either below the price it charges in its home market or is below its costs of production. An example would be farmers from European countries who receive incentives from their governments. This makes it possible for them to dump products such as cheese in the South African market, at prices that are so low that our own producers cannot compete. his is unfair competition and could lead to producers closing down, so that we become dependent on overseas producers.

### False advertising

False advertising or deceptive advertising is the use of false or misleading statements in advertisements. There are many types of false advertising:

#### Hidden fees and surcharges

Service providers often add fees and surcharges that are not mentioned to the customer in the advertised price.

One of the most common is for activation of services such as mobile phones, but is also common in broadband. In most cases, the fees are hidden in fine print, though in a few cases they are so confused and obfuscated by ambiguous terminology that they are essentially undisclosed

Mail order companies often hit customers with "shipping and handling " charges not included in the stated price, and only show at the very end of a TV commercial.

#### Inflated price comparison

When comparing a sale price to a "regular" price for the same product, advertisers can inflate the "regular" price in order to create the impression that the sale price is very low.

The intent is obviously to mislead consumers into thinking that they are saving money by purchasing the "on-sale" item or service by advertising a large-percentage "discount".

#### Perpetual "sales"

Another closely-related trick is the "sale" which becomes more or less permanent, though the actual price or percent off may fluctuate, or even briefly go back to the inflated regular price

#### Psychological pricing

Psychological pricing "lowers" the price of item, usually by one cent to fool customers into thinking the price is somehow substantially less. This works because people tend to pay attention only to the most significant digit in the price – the Rand amount.

#### Buy x, get y free

This type of false advertising concludes that more is better. By increasing the price of a firecracker, for example, to five times its original marginal profit-based price, a 5-for-1 "special" sale is offered while still keeping the same profit line.

In other cases the free product is of lower quality than the originally-purchased item, or its value a greatly overstated.

Often, buy-one-get-one "deals" are simply an excuse to use the word "FREE" in advertising. The item may simply be "50% off" or "half price", or the shopper may actually be forced to buy at least two, or even in multiples of two. Because the shopper must buy something first, the "free" item is not truly free.

#### Introductory offers

An introductory offer or "free trial" is an offer for an ongoing service that is valid for a limited period. After this period, the price or terms of the agreement change, often without further notice to any consumers which have accepted the initial offer. This differs from bait and switch because the terms or "bait" are in fact actually delivered (making it only deceptive rather than inherently false), but the switch still occurs later on.

The most common form of this is credit card, which offer low interest rates to start and then rise greatly afterward

#### Units of sale and pricing

Another trick is to make the unit of pricing smaller than the mandatory unit of sale. One example is airlines, where a one-way price is quoted, even though it is impossible to get a one-way ticket for that price, and the flyer is instead forced to pay for a two-way ticket.

Similarly, loudspeakers are often quoted as single units, even though the buyer is forced to buy a pair

#### Memberships and "loyalty" programs

Many retail shops such as grocery stores have a program where shoppers can get a special card for that store which may save a few cents per item at the checkout, but in allows the store to track every purchase the shopper makes. Aside from the often-undisclosed privacy problem, this allows the store to advertise lower prices (if the shopper has a member card), while non-members are charged a higher price that may only be listed in small print.

#### Misrepresentation of endorsements

Ads and labels often use descriptive terms or locations to increase the perceived value of a product.

An example would be advertising white sparkling wine as champagne, when it is from Burgundy instead of Champagne

Another example is an endorsement by a celebrity, while the celebrity does not even use the product. Companies may also claim non-celebrity endorsements, such as by "four out of five" doctors.

#### Advertising the maximum

Internet service providers may advertise their service as offering "up to 8 Mbit/s", whereas on average use it could be just 1 Mbit/s. The use of "up to" in the description protects them legally, while raising false hopes in the customers. Further, in the fine print it is mentioned that this includes both the download and upload speeds, deteriorating the customer's usage experience even more.

Sale signs within stores may state "up to 75% off" for example, when there may be little or nothing on the marked rack or shelf that is that deeply discounted.

There is also the related practice of advertising the minimum, raising false hopes that the customer may somehow get more than this. This is the case where a very low price is advertised, along with an extremely limited availability such as "minimum 3 per store".

#### Meaningless terms

Manufacturers and sellers often use terms that sound advanced or deluxe to the average consumer, but really mean nothing at all. Most generically, this includes words like "deluxe", "advanced", "super", "ultra", "premium", "heavy duty" and others

#### False privacy or security claims

Companies have been found to be in violation of their privacy and terms of service policies - such as claiming to follow good security practices while failing to remedy a known, serious security problem for years. ISPs have violated privacy policies that barred disclosure of customer information with limited exceptions. Consumers who make decisions based on such false advertising have been deceived.

#### Label tampering

Product labels may initially contain truthful information which is later removed or obscured.

For foods, the expiry date may be changed, which in meats can cause dangerous levels of bacteria to grow. Other foods may simply become stale while still being safe to eat. Canned foods may have their labels removed.

Another method of false labelling is hiding or destroying a label indicating the product's origin (e.g. "Made in India" or "Made in Botswana").

#### Ad placement

Many newspaper ads show a price which does not include everything pictured. The most common offense is to show the price for a personal computer within the computer screen, when that price does not even include the screen it is printed on.

### Greenwash

Greenwash is a term used to describe the practice of companies who claim that their their products and policies are environmentally friendly, when this is not the case. One such an example is by stating that cost cuts are reductions in use of resources.

It is a deceptive use of green marketing.

In December 2007, environmental marketing firm TerraChoice gained national press coverage for releasing a study called "The Six Sins of Greenwashing" which found that more than 99% of 1,018 common consumer products randomly surveyed for the study were guilty of greenwashing. A total of 1,753 environmental claims made, with some products having more than one, and out of the 1,018 studied only one was found not guilty of making a false or misleading green marketing claim. According to the study, the six sins of greenwashing are:

* Sin of the Hidden Trade-Off: e.g. “Energy-efficient” electronics that contain hazardous materials. 998 products and 57% of all environmental claims committed this Sin.
* Sin of No Proof: e.g. Shampoos claiming to be “certified organic,” but with no verifiable certification. 454 products and 26% of environmental claims committed this Sin.
* Sin of Vagueness: e.g. Products claiming to be 100% natural when many naturally-occurring substances are hazardous, like arsenic and formaldehyde. Seen in 196 products or 11% of environmental claims.
* Sin of Irrelevance: e.g. Products claiming to be CFC-free, even though CFCs were banned 20 years ago. This Sin was seen in 78 products and 4% of environmental claims.
* Sin of Fibbing: e.g. Products falsely claiming to be certified by an internationally recognized environmental standard like EcoLogo, Energy Star or Green Seal. Found in 10 products or less than 1% of environmental claims.
* Sin of Lesser of Two Evils: e.g. Organic cigarettes or “environmentally friendly” pesticides, This occurred in 17 products or 1% of environmental claims.

### Price fixing

Price fixing is an agreement between business competitors to sell the same product or service at the same price. In general, it is an agreement intended to ultimately push the price of a product as high as possible, leading to profits for all the sellers.

Price fixing requires a conspiracy between two or more sellers; the purpose is to coordinate pricing for mutual benefit at the expense of buyers.

In South Africa a while ago, the manufacturers of bread were found guilty of price fixing.

### Shill

A shill is an associate of a person selling goods or services, who pretends not to know the seller and then pretends to be an enthusiastic customer.

The intention of the shill is to encourage other people who are not aware of the set-up to purchase said goods or services.

In online discussion media, satisfied consumers or "innocent" parties may express specific opinions in order to further the interests of an organisation in which they have an interest.

Websites may also be set up for the same purpose. For example, an employee of a company that produces a specific product may praise the product anonymously in a discussion forum or group in order to generate interest in that product, service or group.

### Pyramid scheme

A pyramid scheme is a non-sustainable business model that involves the exchange of money primarily for enrolling other people into the scheme, often without any product or service being delivered

A successful pyramid scheme combines a fake yet seemingly credible business with a simple-to-understand yet sophisticated-sounding money-making formula which is used for profit. The essential idea is that the mark, Mr. X, makes only one payment. To start earning, Mr. X has to recruit others like him who will also make one payment each. Mr. X gets paid out of receipts from those new recruits. They then go on to recruit others. As each new recruit makes a payment, Mr. X gets a cut. He is thus promised exponential benefits as the "business" expands.

Such "businesses" seldom involve sales of real products or services to which a monetary value might be easily attached.

### Bid rigging

Bid rigging is a form of fraud in which a commercial contract is promised to one party even though for the sake of appearance several other parties also present a bid. It is a form of price fixing and market allocation, often practised where contracts are determined by a call for bids (tenders), for example in the case of government contracts.

Bid-rigging almost always results in economic harm to the agency which is seeking the bids, and to the public, who ultimately bear the costs as taxpayers or consumers

There are some very common bid-rigging practices:

* **Subcontract bid-rigging** occurs where some of the conspirators agree not to submit bids, or to submit cover bids that are intended not to be successful, on the condition that some parts of the successful bidder's contract will be subcontracted to them. In this way, they "share the spoils" among themselves.
* **Bid suppression** occurs where some of the conspirators agree not to submit a bid so that another conspirator can successfully win the contract.
* **Complementary bidding**, also known as cover bidding or courtesy bidding, occurs where some of the bidders bid an amount knowing that it is too high or contains conditions that they know to be unacceptable to the agency calling for the bids.
* **Bid rotation** occurs where the bidders take turns being the designated successful bidder, for example, each conspirator is designated to be the successful bidder on certain contracts, with conspirators designated to win other contracts. This is a form of market allocation, where the conspirators allocate or apportion markets, products, customers or geographic territories among themselves, so that each will get a "fair share" of the total business, without having to truly compete with the others for that business.

### Market research

#### Market audience

Ethical danger points include:

* Targeting the vulnerable (e.g. children, the elderly).
* Excluding potential customers from the market: selective marketing is used to discourage demand from undesirable market sectors or disenfranchise them altogether.

Examples of unethical market exclusion or selective marketing are past industry attitudes to the gay, ethnic minority and obese markets. An example of market exclusion is the pharmaceutical industry's exclusion of developing countries from AIDS drugs.

Examples of marketing which unethically targets the elderly include: mass marketing fraud and others. The elderly hold a disproportionate amount of the world's wealth and are therefore the target of financial exploitation.

In the case of children, the main products are unhealthy food, fashionware and entertainment goods. Children are a lucrative market and are not capable of resisting or understanding marketing tactics at younger ages

### Bribery

Bribery is an act where money or a gift is given to someone in order to influence the actions of that person. It may be any money, property, object of value, advantage, or merely a promise or undertaking to induce or influence the action, vote, or influence of a person in an official or public capacity

The forms that bribery take are numerous. For example, a motorist might bribe a police officer not to issue a ticket for speeding, a citizen seeking paperwork or utility line connections might bribe a functionary for faster service.

Bribery may also take the form of a secret commission, a profit made by an agent, in the course of his employment, without the knowledge of his principal. Euphemisms abound for this (commission, sweetener, back-kick etc.) Bribers and recipients of bribery are likewise numerous although bribers have one common denominator and that is the financial ability to bribe

## The Code of Conduct and Ethics (SO1 AC4)

**"There has been a dramatic increase in the ethical expectations of businesses and professions over the past ten years. Increasingly, customers, clients and employees are deliberately seeking out those who define the basic ground rules of their operations on a day to day...."**

**"The very exercise of developing a code is in itself worthwhile; it forces a large number of people...to think through in a fresh way their mission and the important obligations they as a group and as individuals have with respect to society as a whole."**

### What is Ethics?

The dictionary defines an “ethic” as a moral principle. Moral means virtuous, or based not on legal rights and obligations, but on people’s sense of what is **right** and just. A principle is defined as a basic truth or a general rule used as a guide to behaviour, or a personal code of **right** conduct.

Ethics then are a set of personal rules (above and beyond the laws or policies that govern our country, industry, profession or company) that ensure that we do what is **right** in all circumstances, with our family, friends, staff, company, shareholders, suppliers, customers, and competitors. Good ethics should enable all of our decisions to stand up to scrutiny over the long term, by a person of the highest integrity, commonsense and humanity.

To do what is **right** is not always easy. Sometimes the **right** way requires clear thinking and conviction. It requires self-discipline to resist the easy way. It requires character to stand up to pressure from others. It requires courage to take a stand. It requires the humility to learn from your mistakes and to try again. In short, doing what is **right** requires us to be individuals of true inner strength.

In companies we value strong individuals who know the difference between **right** and wrong. And we know that most people in companies do the **right** thing at all times. But when we are uncertain or weak it helps to have a beacon of well-founded personal ethics that guides towards the **right** way of life where we consistently treat others, under all circumstances, with the fairness and decency that we would like to be treated. We must be strong to always do what is **right**. Our ethics are the foundation of that strength.

The need exists to provide direction to employees with regard to their relationship with the legislature, political and executive office-bearers, other employees and the public and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interests and what is expected of them in terms of their personal conduct in public and private life.

### Why should you have a Code of Ethics?

* to define accepted/acceptable behaviours;
* to promote high standards of practice;
* to provide a benchmark for members to use for self evaluation;
* to establish a framework for professional behaviour and responsibilities;
* as a vehicle for occupational identity;
* as a mark of occupational maturity;

The Code should act as a guideline to employees as to what is expected of them from an ethical point of view, both in their individual conduct and in their relationship with others (internal and external). Compliance with the Code can be expected to enhance professionalism and help to ensure confidence of the organisations’ employees and in the public service in general.

Employees may not engage in any activity that could create a negative perception as to the integrity, respect for diversity, impartiality or reputation of Treasury. Ethical business conduct includes workplace relationships between employees in terms of the Constitution and requires respect for constitutional rights in employment, particularly with regard to human dignity, non-discrimination, and respect for diversity, impartiality and reputation.

All employees are personally responsible for ensuring that their conduct is ethical and should bring any possible contraventions of the Code to the attention of their superior.

It is the duty of each organisations’ employee to ensure that his/her behaviour is, without exception, guided by socially established principles of honesty, fairness, accountability, non-discrimination and respect for human dignity. We will, by the same token, expect that our stakeholders apply the same principles in the way that they interact with us and with others.

Furthermore, it is the companies’ collective responsibility to demonstrate the moral courage needed to pro-actively challenge and speak out against unethical behaviour whenever and wherever we encounter it within the organisational environment.

These efforts will be underpinned by our understanding that our commitment to the highest standards of ethical conduct will be demonstrated in the way that we deal with those less obvious ethical choices that sometimes hide behind the convenient respectability of commercial imperative.

The Code of Business Conduct covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees and officers of the Company (Company includes Company A. and all its subsidiaries). All of your employees and officers must conduct themselves accordingly and seek to avoid even the appearance of improper behaviour.

The Code should also be provided to and followed by the Company’s agents and representatives. In addition, Company policies apply to various Company operations and you need to know and follow those policies that apply to your Company work.

If a law conflicts with a policy in this Code, you must comply with the law. Also, if a local custom or policy conflicts with this Code, you must comply with the Code. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Employees and officers are responsible for understanding the legal and policy requirements that apply to their jobs and reporting any suspected violations of law, this Code or Company policy.

# ADHERE TO THE CODE OF CONDUCT

#### ***Specific Outcome 2***

Adhere to code of conduct.

#### ***Assessment Criteria***

* Code of conduct is sourced and obtained.
* Code of conduct is read, studied and explained.
* Code of conduct is applied and implemented.
* Deviations from the code are identified and remedial action is taken to comply.

## What Is Corporate Culture?

In order to understand a code of conduct, it is also important to understand corporate culture and the elements that make up corporate culture, as this is unique to each organisation.

Corporate culture might be best summarized in the often heard statement:

“ It might not make much sense to you, but that’s the way we do things around here!”

Corporate culture is the pattern of shared beliefs, attitudes, assumptions and values in an organisation which you probably won’t find written down anywhere, but still dictates the way people act and interact and strongly influence the ways in which work is carried out.

Corporate culture reflects what has worked in the past and can work for an organisation by creating an environment which is conducive to performance improvement and the management of change.

It can also work against an organisation when barriers are erected which prevent employees from doing the work in such a way that the goals set by top management are met. Barriers would include resistance to change and lack of commitment.

Corporate culture is determined by the **values, norms and ethics** of the organisation. Employees see corporate culture as **organisational climate***,* and it will influence and be expressed by **management style***.*

### Values

Values refer to what is regarded as important. They are expressed in beliefs of what is best or good for the organisation and what sort of behaviour is desirable. You will find corporate values in the mission and vision statements of an organisation and typically includes what the company commits to regarding the following:

* Care and consideration for people and the environment
* Care for customers
* Competitiveness
* Equity in the treatment of employees
* Excellence of products and service
* Company growth
* Innovation
* Market/customer orientation
* The performance orientation of the company
* The commitment to productivity of the company
* Provision of equal opportunity for employees
* Quality
* Social responsibility

### Norms

Norms are the unwritten rules of behaviour that apply in the company. These rules will provide employees with informal guidelines on how to behave.

Norms tell people what they are supposed to be doing, saying, and believing, even wearing. They are not expressed in writing – if they were, they would be policies or procedures. They are passed on by word of mouth or behaviour and can be enforced by the reactions of people if they are violated. Norms can exert very powerful pressures on behaviour because of these reactions- we control others by the way we react to them.

Norms refer to such aspects of behaviour as:

* How managers treat subordinates and how subordinates relate to their subordinates
* The prevailing work ethic, e.g. ‘Work hard, play hard’, or ‘Come in early, stay late’, or ‘If you cannot finish your work during the business hours you are obviously inefficient’, or ‘Look busy at all times’, or ‘Look relaxed at all times’.
* Status- how much importance is attached to it; the existence or lack of obvious status symbols
* Ambition- naked ambition is expected and approved of, or a more subtle approach may be the norm
* Performance- exacting performance standards are general; the highest praise that can be given in the organisation is to be referred to as very professional
* Politics- rife throughout the organisation and treated as normal behaviour; not accepted as overt behaviour
* Loyalty- expected, a cradle-to-grave approach to careers; the emphasis is on results and contribution in the short term
* Anger- openly expressed; hidden, but expressed through other, possibly political, means
* Approachability- managers are expected to be approachable and visible; everything happens behind closed doors
* Formality- a cool, formal approach is the norm; forenames are/are not used at all levels; there are unwritten but clearly understood rules about dress.

## Purpose of the code of conduct SO2 AC1-4

Due to the pressures of society, more and more companies are implementing comprehensive ethics programs. These policies are usually detailed policies, and contain specific behavioural requirements , typically called corporate ethics codes.

They identify the company's expectations of workers and offer guidance on handling some of the more common ethical problems that might arise in the course of doing business.

It is hoped that having such a policy will lead to greater ethical awareness, consistency in application, and the avoidance of ethical disasters in business and all other organisations.

To be successful an ethics policy should:

* Have the unconditional support of top management and top management should show this support by both word and example.
* Be explained in writing and orally, with periodic reinforcement.
* Be something employees can both understand and perform.
* Be monitored by top management, with routine inspections for compliance and improvement.
* Be backed up by clearly stated consequences in the case of disobedience.
* Remain neutral and nonsexist

# IDENTIFY AND UNDERSTAND THE ETHICAL ISSUES IN THE ORGANISATION

#### ***Specific Outcome 3***

Identify and understand the ethical issues in the organisation.

#### ***Assessment Criteria***

* Ethical issues are identified.
* Ethical issues are explained.
* Ethical issues are acted upon and applied.
* Deviations from ethical issues are identified and remedial action is taken to comply.

## A Definition Of Ethics SO3 AC1

Ethics is also called moral philosophy.

How should we live? Shall we aim at happiness or at knowledge, virtue, or the creation of beautiful objects? If we choose happiness, will it be our own or the happiness of all?

And what of the more particular questions that face us: is it right to be dishonest in a good cause? Can we justify living in opulence while elsewhere in the world people are starving?

Is going to war justified in cases where it is likely that innocent people will be killed? What are our environmental obligations, if any, to the generations of humans who will come after us and to the nonhuman animals with whom we share the planet?

Ethics deals with such questions at all levels. Its subject consists of the fundamental issues of practical decision making, and its major concerns include the nature of ultimate value and the standards by which human actions can be judged right or wrong.

Therefore, we can say that ethics concerns itself with what is morally good or bad and what is right or wrong.

The word ethics is derived from the Greek word **ethos**. Ethics deal with the morality of persons as individuals and also that of groups of individuals. Ethics assess not only what people are seen to be doing, but also examines what they think is right, fitting and just.

People are often judged by what **they do or are seen to be doing**, but their actions do not necessarily reflect their **thoughts or feelings**, or what they are often saying.

People often act within the context of **traditions and customs**, but, and this is important, ethics always involve 'reflective evaluation', that is, a serious thought process takes place before action takes place. **In other words, individuals like to feel that what they do is right, just and/or accepted as correct.**

### Ethical Rules

Ethical rules are the rules according to which an individual decides if his behaviour and the behaviour of other people, are good or bad. Although these rules form part of the individual's personal view on life, they are influenced greatly by the people with whom the individual associates.

Thus for example, the individual at an early stage in his parent's home learns what is good and what is bad. His church and friends and school furthermore influence the individual when deciding what is good and what is bad. It may be bad for one person, for instance, to spit in public, while another person may not think twice about doing it. A person may feel it is good to pray every evening before going to bed, while another person is not worried about the matter of praying.

Everything a person does is either good or bad according to his own ethical views. Usually people try to do what is good according to their ethical views. A professional criminal may reckon it is alright to rob other people of their possessions. Other people ‑ and especially the victims whose possessions were stolen ‑ may think otherwise.

What is important is the following: If an individual breaks his own ethical rules, his conscience will punish him. In other words, he punishes himself The person feels bad, and his conscience bothers him. If he continues breaking an ethical rule, he will eventually not feel bad any longer ‑ in this way a person's ethical rules change.

Values have always shaped a person's beliefs, and ethics should be concerned with moral rights and wrongs ‑particularly in the context of a person's obligations to the society in which he lives. Ethical rights and wrongs cannot be regarded as inflexible from age to age, because they have a tendency to change with the passing of time. It was accepted as morally defensible to own and treat slaves as commodities just over 200 years ago. Today, slavery in nearly all countries in the world is illegal and it is looked upon as morally wrong.

An individual, belonging to different cultural group, finds it very difficult to determine another person's ethical code. First and foremost, it is a personal thing, and we tend not to discuss it until some or other crisis demands that we show where we personally stand.

### Morality

Rules of morality are very important rules prescribing the individual's behaviour. We use the term **positive morality** to refer to these rules of morality.

Man does not live alone on an island. Man always lives with and among other people, as man is born among people. The individual is always part of a group. A group has its own ideas on what is good, and on what is bad, and the individual who forms part of the groups usually obeys the rules of the groups.

Two individuals each with their own system of ethical rules, meet each other. If their ethical rules are in conflict or differ drastically, they will have to compromise and will have to make a new rule which is acceptable to both of them. Thus friction is reduced or eliminated between them.

In a large group of people, e.g. a clan or tribe, or church or club, or even a country, a whole body of rules of positive morality exists which regulate the behaviour of individuals in the groups. Sometimes, these rules are in conflict with the individual's ethical rules, but in such cases, the individual will usually push aside his ethical rules and follow the rules of the group.

If the individual breaks a rule of positive morality, these are the rules of the group, he will be punished by the group. A good example is the cowboys in the Wild West: they quite easily lynched a man from the nearest tree if he so much as touched a woman without her permission! The group did not bear with such behaviour.

The group therefore punishes an individual if he breaks a rule of positive morality.

The individual can be punished in different ways, but the most common is that of isolation ‑ the group will merely exclude such a person from its activities. It could also victimise the individual by throwing stones on his roof, or by burning his house, for instance.

The rules of positive morality include a great variety of things, such as behaviour in public; hygiene and cleanliness; the use of a particular dialect and language, etc. These rules are thus rules prescribing behaviour, and if these rules are broken, the individual will be punished.

The differences and agreements between ethical rules, positive morality and legal rules are clear. The main point of agreement is that all three systems of rules prescribe how individuals ought to behave. The main difference lies in the sanction/punishment aspect in the instance where a rule is broken. If a person breaks an ethical rule, his conscience will punish him. If a person breaks a rule of positive morality, the group, or society, will punish him. If a person breaks a legal rule, the state will punish him.

## Business and ethics SO3 AC2

Business ethics is about a business doing business in a fair and just way, without lying, cheating, bribing, or hiding information from customers.

Business ethics examine ethical principles and moral or ethical problems that arise in a business environment in an attempt to do business in a fair and just way.

It applies to all aspects of business conduct and takes into account and applies to the conduct of all the employees of a business and the business as a whole. Many organisations therefore have an official code of ethics.

A code of ethics typically sets out what behaviour is acceptable, for example are employees allowed to receive gifts from suppliers or give gifts to customers, as well as the punishment of employees who violate the code.

Historically, there are several examples of codes of ethics being set for professional groups. Some such examples include medical doctors, lawyers and other legal professionals, ministers of religion and accountants. An old example is the application of the Hippocratic Oath to doctors. This code was first administered during the time of the Greek physician, Hippocrates, and requires all doctors to pledge themselves to the preservation of human life and the service of humanity on the whole. Apart from the medical profession, several other organisations today prescribe a code of ethics and professional conduct in order to enhance the prestige of the organisation and to preserve honestly and good service.

Society is now expecting more from organisations, so an organisation’s ethics will reflect a code of behaviour which will be in line with what the public expect of the organisation. Society expects business to show

* social responsibility,
* show that it cares for the environment and is protecting the environment
* show that it cares for consumers

Organisational ethics demand that companies:

* Be more **honest** and less secretive in their dealings with society. The consumer must be provided with more and better information regarding the total market offering. By an increased emphasis on communication, the organisation can provide the consumer with useful and reliable information, thereby ensuring that the consumer is better informed.
* That they go beyond their **legal obligations**. Another dimension is the authority within which the organisation operates. Should it try to evade its responsibilities by, for example, disregarding prevalent moral and ethical values, it may provoke a reaction in the form of legal or legislative action.
* That they do not market products which contain an **unknown degree of risk**,
* And that they refrain from **activities which waste scarce resources**, or pollute or irreparably damage the environment.
* These days organisations must accept responsibility for the welfare of society. In other words, it must accept greater responsibility for possible harmful effects of its products. This is called corporate social responsibility.

Consequently, it can happen that a manager's code of ethics can have a considerable influence on many aspects of the organisational life of a business - from making decisions on internal matters to his behaviour outside, with clients especially, and also with other members of his community.

### Ethics In Business

The organisation should be fair and honest with suppliers, distributors, business partners and agents.

Fair business practices promote and monitor the social responsibility of all stakeholders such as. suppliers, distributors, employees, business partners and agents.

An organisation will implement ethical standards in dealing with all the organisation’s stakeholders.

Business ethics generally means knowing what is right and wrong in the workplace – and then doing what’s right.

Business ethics deals with the moral issues that can arise as a result of certain business practices.

For example: at times a company may be well within its rights legally to undertake a certain course of action, but if that action can be detrimental to people or the environment, the company is morally obliged to investigate alternative courses of action.

Business ethics also concerns the following aspects:

#### Ethics and accounting information

Unethical practices include:

* Creative accounting and misleading financial analysis.
* Insider trading, securities fraud, and forex scams, all of which concern criminal manipulation of the financial markets.
* excessive payments made to corporate CEO's and top management (e4xecutive compensation)
* Bribery and kickbacks: while these may be in the (short-term) interests of the company and its shareholders, these practices may be anti-competitive or offend against the values of society.

#### Ethics and human resource management

This topic covers those ethical issues arising around the employer-employee relationship, such as the rights and duties owed between employer and employee.

* **Discrimination** in any form is regarded as unethical in South Africa, for example discrimination on the bases of age gender, race, religion, disability, weight and attractiveness.
* Issues surrounding the representation of employees and the democratization of the workplace: union busting, strike breaking.
* Issues affecting the **privacy of the employee**, for example is workplace surveillance or testing employees for drugs ethical?
* When someone informs on an employer (whistle-blowing) is it ethical or not?
* Issues relating to the fairness of the employment contract and the balance of power between employer and employee

#### Ethics of sales and marketing

Marketing, which goes beyond the mere provision of information about (and access to) a product, is aimed at manipulating our values and behaviour in order to convince us to buy a certain product.

To some extent society regards this as acceptable, but where is the ethical line to be drawn? Some issues to consider in marketing ethics are:

* Pricing: price fixing, price discrimination, price skimming.
* Anti-competitive practices: these include but go beyond pricing tactics to cover issues such as manipulation of loyalty and supply chains.
* Specific marketing strategies such as : greenwash, bait and switch, shill, pyramid scheme, planned obsolescence.
* Content of advertisements: attack ads, subliminal messages, sex in advertising, products regarded as immoral or harmful

#### Ethics of production

This area of business ethics deals with the duties of a company to ensure that products and production processes **do not cause harm.**

Some of the more acute dilemmas in this area arise out of the fact that there is usually a degree of danger in any product or production process and it is difficult to define a degree of permissibility. Issues to consider are:

* Defective, addictive and inherently dangerous products and services (e.g. tobacco, alcohol, weapons, motor vehicles, chemical manufacturing, bungee jumping).
* Ethical relations between the company and the environment: pollution, environmental ethics, carbon emissions trading
* Ethical problems arising out of new technologies such as genetically modified food, or mobile phone radiation and health.
* Ethics concerning the testing of products on animals or economically disadvantaged groups.

#### Ethics of intellectual property, knowledge and skills

Knowledge and skills are valuable but not easily "ownable" as objects. Nor is it obvious who has the greater rights to an idea: the company who trained the employee, or the employee themselves? The country in which the plant grew, or the company which discovered and developed the plant's medicinal potential? As a result, attempts to assert ownership and ethical disputes over ownership arise. Issues include:

* Patent infringement, copyright infringement, trademark infringement.
* Misuse of the intellectual property systems to stifle competition
* Even the notion of intellectual property itself has been criticised on ethical grounds:
* Employee raiding: the practice of attracting key employees away from a competitor to take unfair advantage of the knowledge or skills they may possess.
* The practice of employing all the most talented people in a specific field, regardless of need, in order to prevent any competitors employing them.
* Industrial espionage, where an employee of one company supplies information about a new product to a competitor company

#### Ethics and Technology

There are many ethical issues that arise from the use of computers and the World Wide Web. It is so easy go get access to information – when are you allowed to use the information and when is the information protected?

Another issue would be whether your employer has the right to read your e-mails or not?

## Ethical issues are acted upon and applied SO3 AC3

### Unethical Practices in the workplace

Unethical behaviour in the workplace is common and should be managed on a continuous basis.

There are more and more opportunities for unethical people to manipulate various systems in the workplace. Typical examples which can be added to the statistics are hackers who steal information from the software on computers.

* The one that is most prevalent in South Africa today is bribery.
* Industrial espionage where information is leaked to competitors in return for payment
* Invoice fraud ‑ the amounts which are owing to the creditors are fictionalised or they are inflated. This would fall under accounting ethics.
* Product fraud ‑ poor quality products are released on to the market. When this happens, the company is acting unethically in its production, marketing and social responsibility
* Advertising fraud ‑ misleading or invalid claims are made for the products.
* Favouritism ‑ the staff are promoted on the basis of favours, gifts and nepotism.
* Contracts and tenders are fraudulently granted.
* Stealing of computer time for one's own benefit.
* Discrimination in any form
* Conflict of interest – where employees engage in outside employment and private practice by stealing the company’s customers and doing work for them privately
* Accepting gifts and benefits from suppliers in return for the allocation of contracts or tenders
* Misuse of company equipment and assets.

From the above it can be seen that the **greatest threat to the organisation comes from within** when the conditions are supposed to be normal. Waste, accidents and errors take a large bite out of the profits of the organisation.

### Good Work Ethics

These elements of the work ethic apply to all those working within an organisation and this ethic must be witnessed by that organisation’s clients.

* Employees must be honest with and **loyal to clients**.
* Total **quality management** would result in sub-standard products not being released onto the market
* Be **on time for work**, as arriving late or leaving early means you are stealing from your employer
* Do not accept **bribes and gifts** from suppliers
* Do not use **company equipment** for your own benefit
* **Loyalty**. Successful organisations have loyal employees. These employees are motivated to always carefully consider the interests of the organisation. This loyalty should not however be a blind loyalty and employees should still be free to question decisions.
* **Honesty.** Someone who is honest is truthful, law abiding and incorruptible. Dishonest people lie, cheat and steal.
* Do not commit accounting **fraud** in any form
* Avoid **favouritism**
* Make sure **advertising** is truthful
* Do not **abuse company** property and machinery
* Be proud of your work and do your best every day

### Cost Of Poor Ethics

* Loss of trust which leads to poorer relationships and less effective team work
* Loss of confidentiality,
* Limited communication,
* Lack of self-esteem, of commitment and less loyalty
* Loss of your/the organisation’s good name
* The organisation can be blacklisted, meaning that no contracts or tenders will be allocated to it
* Customers can lose faith in the organisation, leading to a loss of customers to competitors
* Organisations can be fined for certain unethical practices

### Contributing to an ethical work environment:

* Make the decision to commit to ethics
* Recognise that you are a role model by your actions and values
* Assist others by instilling ethical behaviour
* Discuss ethical practices
* Articulate your values
* Talk to people
* Be consistent

## Report unethical behaviour in the workplace SO3 AC4

The question remains: how do we act towards those who are unethical in the workplace?

In the following table we take a look at different situations. The answers are provided next to each situation.

|  |  |
| --- | --- |
| **Harassment**  The organisation must have a policy against any form of harassment in such forms as sexism, racism or bullying others.  This is also true when someone denies respect for the rights of employees or managers.  Harassment can be harmful to organisational effectiveness and may also be unlawful. | **What do I do in a situation like this?**  Go to your supervisor or manager. Ask them to inform the Human Resource Management Department.  The Human Resource Department should provide you with a copy of the policy which prohibits employees or managers to indulge in such activities. |
| **Discrimination**  Organisations should prevent anyone from discriminating against employees of the organisation..  Organisations must implement structures that are free from direct or indirect discrimination on the grounds of sex, marital status or pregnancy, race, age, sexual preference, religious or political beliefs, impairment, family responsibility or family status. | **What do I do in a situation like this?**  Discuss this with your supervisor or manager first.  Seek advice from the Human Resource Department and they should provide you a copy of their policies. |

### When the code of ethics is breached

There are specific processes to follow when the code of ethics are breached in an organisation. Each organisation or business strives to implement different codes of ethics to suite their organisational needs.

The following steps may be followed in serious offences e.g. Discrimination, fraud, bribery, theft etc.

1. Determine the nature and extent of the breach of ethics.
2. Determine what penalties, if any, have been incurred.
3. Decide whether the breach of ethics could constitute a criminal, or labour offence, or the breach can lead to criminal or labour offences being committed.
4. Seek legal advice as to the best remedy for the situation.
5. Implement appropriate legal proceedings.

### BEFORE the code of ethics is breached

Organisations or businesses should provide more ethics training to strengthen their employees' personal ethical framework.

Organisations 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.

What follows is a useful seven-step checklist that organisations should use to help their employees in dealing with an **ethical dilemma** (Schermerhorn, 1989; Otten, 1986):

1. Recognize and clarify the dilemma.
2. Get all the possible facts.
3. List your options--all of them.
4. Test each option by asking: "Is it legal? Is it right? Is it beneficial?"
5. Make your decision.
6. Double check your decision by asking: "How would I feel if my family found out about this? How would I feel if my decision was printed in the local newspaper?"
7. Take action.