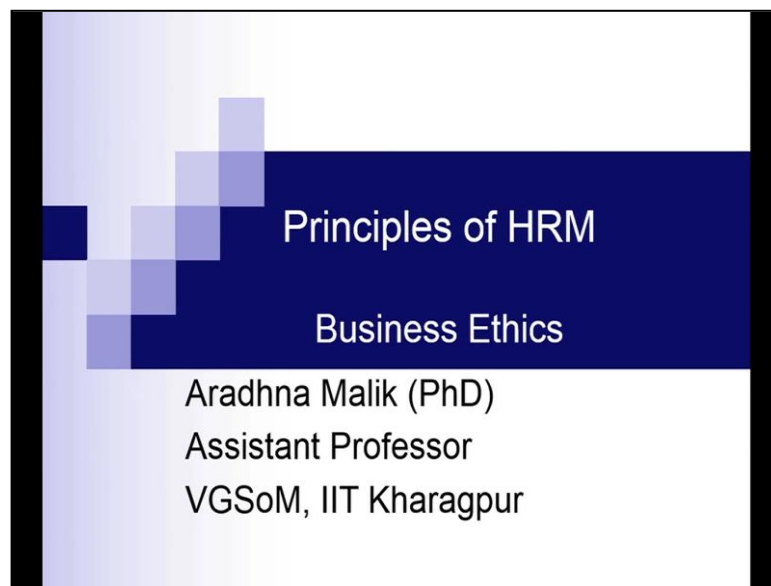


Principles of Human Resource Management
Prof. Aradhna Malik
Vinod Gupta School of Management
Indian Institute of Technology - Kharagpur

Module No. #05
Lecture No. #15
Business Ethics

Welcome back, to the class on, Human Resource Management.

(Refer Slide Time: 00:27)



In this lecture, we will be touching upon, a very, very, important topic, that is very close to my heart. And, that is Business Ethics. Again, usual sources.

(Refer Slide Time: 00:34)

Sources

- Christy, R. & Christy, G. (2009). Ethics & human resource management. In S. Gilmore & S. Williams (Eds.). *Human resource management (Indian Edition)*. New Delhi: Oxford University Press, 306-326.
- Crane, A. & Matten, D. (2014). *Business ethics (3rd Ed.) (South Asia Edition)*. New Delhi: Oxford University Press.
- Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7th Ed.)*. New Delhi: PHI Ltd.

Places, where i have taken, this information from. There is a book, by Gilmore and Williams, who are the editors of this book. I have refer to an article, in this book by, Christy and Christy. The article is called, Ethics and Human Resource Management. I have refer to a, business ethics book called, Business Ethics, Third Edition, South Asia Edition by, Crane and Matten. Which is the standard textbook for business ethics. Easily available in the market. And, of course our favorite, Gomez-Mejia, Balkin, and Cardy, the basic human resources book.

(Refer Slide Time: 01:10)

Business ethics & the law (Crane & Matten, 2014)

- “The law might be said to be a definition of the minimum acceptable standards of behavior.”
- Business ethics is primarily concerned with those issues not covered by the law, or where there is no definite consensus on whether something is right or wrong. Begins where the law ends.

Let us get straight to the point. Business ethics and the law. Various terms come up, when we talk about ethics. We talk about morality. We talk about ethics. We talk about the law. What

is the difference between ethics and the law? The law is the definition of, the minimum acceptable standards of behavior. Okay. So, law is an application of ethics. Law is, what is acceptable in the society, that we live in. That, if not followed, can be punishable. Applicable standards of behavior.

Business ethics is primarily concerned, with those issues, not covered by the law, or where there is no definite consensus on, whether something is right or wrong. Business ethics begins, where the law ends. When we talk about the law, everything is clear cut. This is right. This is not right. This is lawful. This is not lawful. When we talk about business ethics, business ethics is refers to, those behaviors, that may or may not be considered, un lawful.

And, there are no clear-cut definitions. But, these behaviors are unethical behaviors, are those behaviors, which are definitely uncomfortable, for a large section of the society. These are behaviors, that people around us, indulge in. But, they can be considered as, uncomfortable. They may not be unlawful, but they are definitely uncomfortable, for us. You know, as we say, sometimes that, your nose ends, where mine begins.

Which means, please do not do something, that can hurt me. You know, i have a right to my own personal bubble, i have, when we talk about ethics. We talk about, not disturbing another human being's comfort zone. It is a very difficult topic. We talk about it, a lot. But, few understand it. I also do not understand it fully. But, i will try to share with you, what i know about, business ethics.

(Refer Slide Time: 03:28)

Defining morality, ethics and ethical theory (Crane & Matten, 2014)

- Morality is concerned with the norms, values, and beliefs embedded in social processes which define right and wrong for an individual or a community.
- Ethics is concerned with the study of morality and the application of reason to elucidate specific rules and principles that determine right and wrong for a given situation.
- These rules are called ethical theories.

Some definitions, defining morality, ethics, and ethical theory. Morality is concerned with, the norms, values, and beliefs, embedded in social processes, which defined, right and wrong, for an individual or a community. What does the society consider as right? What does the society consider as wrong? And, you will say, i am the society. Yes, you are. We are all contributing to the society. And, we all attempt to change things, that the society considers is right.

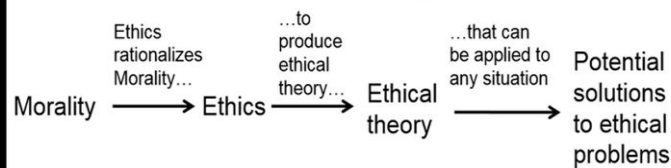
But, we as people, feel uncomfortable. We as individuals, feel uncomfortable about. Morality is, what a larger chunk of the society feels is, right or wrong, appropriate or inappropriate. Ethics is concerned with, the study of morality, and the application of reason, to elucidate specific rules and principles, that determine right and wrong, for a given situation. So, ethics is an application of morality.

Ethics is an attempt to, define morality, in terms of, why something is right or wrong. We study, why the society, via large number of people consider, something to be as right or wrong. And, that is called ethics. And, the reasons, then help us take, bridge the gap between morality and the law. The law is very clear-cut. And, ethics serves as a bridge between, morality, and what, how morality can be implemented.

Now, these rules, that we elucidate from morals, are called ethical theories. How do we take a decision, as to, what is right, and what is wrong? And, you know, what are the steps, we follow? What is the reasoning, we give? All of this constitutes, ethical theories. We will talk about them, in just a few minutes.

(Refer Slide Time: 05:24)

Relationship between morality, ethics & ethical theory (Crane & Matten, 2014)



Relationship between morality ethics and ethical theory. Morality ethics, rationalizes morality. Ethics, helps us understand reasons, why something is right or wrong. Why the society considers, something is right or wrong. So, ethics rationalizes morality to produce ethical theory, that can be applied to given situations. And, that in turn, translates into rules and laws. And, these can generate, potential solutions to ethical problems.

(Refer Slide Time: 05:59)

Why is business ethics important

(Crane & Matten, 2010)

- The power and influence of business in society is greater than ever before
- Business has the potential to provide a major contribution to our societies in terms of producing the products and services that we want, providing employment, paying taxes, and acting as an engine for economic development, etc.
- Business malpractices have the potential to inflict enormous harm on individuals, communities and the environment
- The demands being placed on business to be ethical by its various stakeholders are constantly becoming more complex and challenging.
- Few businesspeople have received formal business ethics education or training
- Ethical violations continue to occur in business, across countries and sectors.

Okay. Why is business ethics, important? Again, very general topic. But, i think, we should talk about it, a little bit. Business is exerting, a lot of power and control, on our daily lives. People have money. People have power. People have connections. So, you know, the number of people, who use your product or service, usually, or tends to determine, i would not say,

usually, but tends to determine, what is considered right and wrong. And, how it is implemented.

Business has the potential, to provide a major contribution, to our societies, in terms of, producing the products and services, that we want providing, employment, taxes, etcetera. So, business is important. And, how the business runs is, what we decide. You know, we decide, whether the business is running, well or not. How many people are getting affected. And, all that constitutes, business ethics. Malpractices in business have the potential, to inflict enormous harm on, individuals, communities, and the environment.

You will say, why am i learning this, in a class on human resources. We are learning, all these things, because, as HR managers, as potential HR managers, we needs to know, we need to be able to understand, how, what our company is doing, is going to affect the people, who are going to be associated with the company, as stakeholders. We will talk about, the stakeholder theory, in the next class. But, right now, you know, we need to know, what, how, whatever, we are doing, is going to, influence the environment, that our organization functions in.

When people, do not follow the law, when people are not ethical, when they are doing things, that the society, that hurt the society. Then, a lot of people, you know, they can inflict, a lot of damage on the environment, they are a part of. And, that can be detrimental to humanity, at large, sometimes. The demands, being placed on business to be ethical, by various stakeholders, are constantly becoming, more complex and challenging.

We are more aware of, what is right, what is wrong. What can, and cannot be done. What should, and should not, be done. So, as human resources managers, it is very important for us, to know, what the society expects, from our organization. People are more aware. They know, what organizations can and cannot do, should and should not do. We, as HR managers, need to bridge the gap between, the environment and the decision-makers, in our organization.

And, let them know that, if we want to survive in the society, in this environment, we need to take care of certain things. We need to ensure that, we do not hurt the comfort zones, of the very people, we are here for. Okay. Few business people have received, formal business

ethics or training. So, it is very important that, we study ethics, here, in this class. And, ethical violations continue to occur, in businesses. Sometimes, voluntarily, intentionally. Sometimes, unintentionally. So, it is very, very, important.

(Refer Slide Time: 09:07)

| Differences in business ethics across organizational types (Crane & Matten, 2010) | | | | |
|---|---|-------------------------------|---|---|
| | Large Corporations | Small Businesses | Civil Society Organizations | Public Sector Organizations |
| Main priorities in addressing ethical issues | Financial integrity, employee/customer issues | Employee issues | Delivery of mission to clients; integrity of tactics; legitimacy & accountability | Rule of law, corruption, conflicts of interest; procedural issues, accountability |
| Approach to managing ethics | Formal, public relations &/ or systems-based | Informal, trust-based | Informal, values-based | Formal, bureaucratic |
| Responsible &/ or accountable to | Shareholders & other stakeholders | Owners | Donors & clients | General public, higher level government organizations |
| Main constraints | Shareholder orientation; size & complexity | Lack of resources & attention | Lack of resources & formal training | Inertia, lack of transparency |

Various ways in which, different sized companies, view business ethics. This table is very interesting. So, i thought, i would share it with you. Please, pause your screens for a minute. And see, what is there, in this table. We have divided the organizations, based on their size, and or, Crane and Matten, the authors, have divided the organizations, based on their size, and what they do.

So, large corporations, small businesses, civil society organizations, and public sector organizations. The main priorities of large corporations, in dealing with business ethics, are financial integrity. Money matters. Very, very, important. Employee and customer issues. So, they are looking, at these things. On the other hand, small businesses are only concerned with, employee issues. Because, in order to stabilize that, they do not have too many complications, with their financial matters.

At the same time, civil society organizations, have a responsibility, have, or, accountable to their clients, to deliver the mission, that they exist, for. So, they are looking in to that, also. That is a big ethical issue, that they face. Integrity of tactics. They are, they exist for the community. So, they needs to do things, right. And, they are accountable. They need to be legitimate. Why because, a lot of people are counting on them, to do, what they are there for.

And, public sector organizations, have to follow the law. They need to take care of corruption. There could be, conflicts of interest, procedural issues. And, they also, have to be accountable to the community, they function in, and to their clients, and other stakeholders, much more than other organizations. Now, approach to managing ethics. In large corporations, they have formal public relations, or, they have a systems-based procedure, for dealing with, managing ethics, or dealing with ethics.

And, in small businesses, it is trust based. You call somebody, and tell them, please do not do this. Make sure, you do the right thing. So, it is more of informal, one-on-one kind of procedure, of managing ethics. Civil society organizations. Again, we appeal to the emotions, to the values, value systems of the people, involved in the organizations. And, in public sector organizations, the procedure is very formal and bureaucratic

Then, in large organizations, the people, who are responsible, for maintaining ethical standards, and, or the people, who we are accountable to, are the shareholders, and other stakeholders, sorry. The people, who we are accountable to our stakeholders in small businesses, the owners are responsible for, and you know, accountable for, maintaining ethical standards. In civil society organizations, it is donors and clients.

And, in public sector organizations, the accountability is to the general public, and higher level government organizations, are responsible for maintaining the ethics. Main constraints, that large organizations face, or large corporations face are, first is shareholder orientation. What do shareholders want. Do they want money. Do they want, the end product to be big? Or, do they want everything, to be done, right. And, we will come to this, how or what business, later.

And, because of their sheer size, the complexity of managing ethical standards, becomes very high. Small businesses. They may have a lack of resources. And, they may not be able to focus, so much attention on business ethics. Because of the lack of resources. Because, they are so busy, stabilizing. They may not know, a lot of things. Civil society organizations. Again, training is a big issue. And, in public sector organizations, we get so complacent.

I should not say, we. I mean, a lot of, you know, when i say, we, i mean, everybody. There may be a lack of transparency, in order to maintain, confidentiality. So, you know, it is a very dicey game. It is a very challenging. And, as hard as, one may try. Sometimes, mistakes are made inadvertently. But, we need to be, as careful as, possible. Okay.

(Refer Slide Time: 13:42)

| Ethical impacts of globalization on different stakeholder groups (Crane & Matten, 2010) | |
|---|--|
| Stakeholders | Ethical impacts of globalization |
| Share-holders | Globalization provides potential for greater profitability, but also greater risks. Lack of regulation of global financial markets, leading to additional financial risks & instability. |
| Employees | Corporations outsource production to developing countries in order to reduce costs in global marketplace – this provides jobs, but also raises the potential for exploitation of employees through poor working conditions |
| Consumers | Global products provide social benefits to consumers across the globe, but may also meet protests about cultural imperialism & westernization. Globalization can bring cheaper prices to customers, but vulnerable consumers in developing countries may also face the possibility of exploitation by MNCs. |
| Suppliers & competitors | Suppliers in developing countries face regulation from MNCs through supply chain management. Small scale indigenous competitors are exposed to powerful global players. |
| Civil society (NGOs etc.) | Global business activity brings the company in direct interaction with local communities thereby raising the possibility for erosion of traditional community life. Globally active pressure groups emerge with aim to 'police' the corporation in countries where governments are weak & corrupt |
| Government & regulation | Globalization weakens governments & increases the corporate responsibility for jobs, welfare, maintenance of ethical standards, etc. Globalization also confronts governments with corporations from regions with different cultural expectations about issues such as bribery, corruption, taxation, & philanthropy |

Ethical impacts of globalization, on different stakeholder groups. As far as, ethics are concerned, various stakeholders are shareholders. So, they become very aware. And, they may be liable to risks. Employees. Again, you know, what kind of jobs are given to them. How they managed those jobs, etcetera. Consumers. The goods, that they consume, that can, you know, and, how they consume their goods. Where are, these goods made, etcetera.

So, i mean, we do not care. We just want to have, something. I will give you, the example of a very well-known case of, Ikea carpets. Ikea is a Swedish organization. And, they have businesses, all over the world. And, at one point of time, they were accused of, sourcing carpets, from places, where or, sourcing carpets from workshops, where children were put to make, those carpets. So, they were accused of encouraging child labor, by buying carpets, from these people.

Now, Ikea, such a huge organization, and they were flabbergasted. They do not want to do, anything unethical. So, they went. And, they investigated. And, they eventually came up with a system called, RUGMARK. And, RUGMARK is assurance of, no child labor. And, you can

read up on this. RUGMARK, R U G M A R K. And RUGMARK, if you see a RUGMARK stamp on any carpet, you can be assured that, this carpet was made in a workshop, where no children were employed, in making this carpet. So, but then, it such a large organization, people want these beautiful carpets.

They do not know, where it is coming from. Somebody sitting somewhere, sources it to somebody, who wants to get the job done, for various reasons. And, many times, we do not even know, who, you know, where, what is happening, at the back. And, that is exactly what, happened with Ikea. And, of course, as soon as, they were alerted to it. They took steps, to prevent this, from happening. But, anyway, so this is one example of globalization.

And, how consumer products can affect, what you know, can make us vulnerable, to unethical practices. Okay. Suppliers and competitors. Suppliers in developing countries face, regulation from MNC's, through supply chain management. Again, you know, we are competing with, various people. So, there is always competition. And, that put us a lot of pressure on us, to perform. And, that can open, a lot of doors, to unethical practices.

Civil society, again NGO's, etcetera. People's awareness is rising. There are people, there are groups, out there. That are ensuring that, the people are doing, what is right. And, that puts up a lot of pressure on us, to do things, the way, they need to be done. Government and regulation laws, are being amended, every day. And, we are trying to make sure, we stay within the confines of the law, and still make a profit. So, this is what, globalization is going to different groups of stakeholder.

(Refer Slide Time: 16:56)

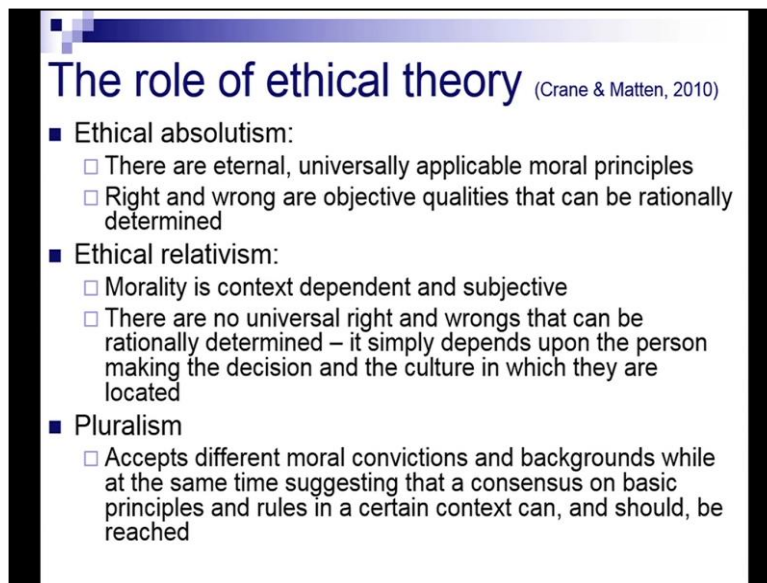


Corporations & business ethics
(Crane & Matten, 2010)

- **Key features of a corporation:**
 - Corporations are typically regarded as 'artificial persons' in the eyes of the law
 - Corporations are nationally 'owned' by shareholders
 - Managers & directors have a 'fiduciary' responsibility to protect the investment of shareholders
- **The debates:**
 - "Only human beings have a moral responsibility for their actions"
 - "It is the responsibility of managers to act solely in the interests of shareholders"
 - "Social issues and problems are the proper province of the state rather than corporate managers"

Corporations and business ethics, again. Corporations are regarded as, artificial persons, by the law. So, anything that the corporation does, is liable to legal questioning. And, we, if as a corporation, we are doing something, we need to be aware of, how our actions are impacting others, around us. And, that is why, it is very important to study, business ethics. And, to be alert, to be aware, of our environment. And, how you know, we can end up hurting, our environment. Okay.

(Refer Slide Time: 17:37)



The role of ethical theory (Crane & Matten, 2010)

- Ethical absolutism:
 - There are eternal, universally applicable moral principles
 - Right and wrong are objective qualities that can be rationally determined
- Ethical relativism:
 - Morality is context dependent and subjective
 - There are no universal right and wrongs that can be rationally determined – it simply depends upon the person making the decision and the culture in which they are located
- Pluralism
 - Accepts different moral convictions and backgrounds while at the same time suggesting that a consensus on basic principles and rules in a certain context can, and should, be reached

Various things, that I want to bring to your notice, here. Again, you know, I will just make you aware, of the small concepts. This is not a class on business ethics. This is a class on human resources. But, I think, these terms, will help you understand, ethical issues, when we address them, in the next lecture. Ethical absolutism, deals with universal principle. Some of us, are very rigid, on what we think is, right or wrong.

So, you know, some of us are absolutists. Now, being an absolutist, which means, we have very strict notions of, what is right, what is wrong. What should be done, what should not be done. And, such people are excellent enforcers of rules and laws. Any high-risk activity can be entrusted to people, who are ethical absolutists. Because, these people will not let, even one thing, go astray.

So, these people are make, very good auditors, for example. You know, you are very sure of, what should be considered as, right or wrong. Ethical relativism, on the other hand, is a little more open, little more flexible. And, according to the ethical relativistic thinking in, we feel that, things are right. And moralities, context-dependent, and subjective. And, everybody does things right, from their own perspective.

So, if you look at it, things from somebody else's perspective, you may agree to, what they are saying. So, you know, one should not judge everything, based on a single set of standards. And, that is what, relativism is all about. You know, you look at things, contextually. And, look for a rationale, for the decisions, that people make. And, pluralism is, we all co-exist. So, live and let live. And, pluralism is okay.

I mean, you are right, where you are. And, right, where i am. I do not have to agree to you. You do not have to agree to me. We are all, co-existing. I do not need to know, the reason for you, to be making your decisions. I do not need to know, why you made a particular decision. I may or may not agree, with it. But, we co-exist. And, you let me, be. And, i will let you, be. So, that is pluralism.

(Refer Slide Time: 20:08)

| Major normative theories in business ethics (Crane & Matten, 2010) | | | |
|---|---|--|---|
| | Egoism | Utilitarianism | Rights & Justice |
| Contributors | Adam Smith | Jeremy Bentham, John Stuart Mill | John Locke, John Rawls |
| Focus | Individual desires or interests | Collective welfare | Rights |
| Rules | Maximization of desires or self-interest | Act/ rule utilitarianism | Respect for human beings |
| Concept of human beings | Man as an actor with limited knowledge & objectives | Man is controlled by avoidance of pain & gain of pleasure (hedonism) | Man is a being that is distinguished by dignity |
| Type | Consequentialist | Consequentialist | Non consequentialist |

Some theories in business ethics. We have, egoism. We have, utilitarianism. And, we have, rights and justice. Now, three theories, or, three of the theories, that can determine, how business decisions are made, are egoism. Where, a person puts his or her individual desires

and interests, before everyone else's. The benefit coming to me, is more important than, the benefit going to, anyone else. If i get, what i need from this situation, it is okay. If i do not get it, then it is a wrong. Okay.

And, we try and maximize, desires or self-interest. That is egoism. And, it is a consequentialist ethic. The end result is more important for me. What i get in the end, is much more important for me than, how i get it. If i get, what i want, all is okay. All is well, that ends well. That is the consequentialist ethic. It is a plus minus game. So, if the profit is more than the loss, whatever i have done is, all right.

Utilitarianism is again, a consequentialist ethic, or consequentialist way of making decisions. Where we say, if in the end, whatever has come, has given us better things. Or, the utility of whatever we have done, is higher for a larger number of people, then it is okay. So, collective welfare takes precedence over, individual welfare, and over the duty, or the process, or how things were done. If collectively things are being considered, okay.

If they are benefiting, a larger number of people, then, it is okay. So, that is what, utilitarianism says. You know, and that is a consequentialist ethic, again towards the end, everything should be, okay, for most people. Rights and justice are more about, not crossing your line, not infringing upon, another person's zone. It deals with, respect for human being's. And, it is a non-consequentialist ethic.

It does not matter, whether, whatever you are doing, benefits, you know, several people. If it inconveniences people, if how you do it, has inconvenienced some people, then it is not right. Everybody has a right, to their own space, to their own way of doing things, to their own thinking. And, if we infringed upon that, then even, if the end result ends up benefiting them, it is not right. So, these are some of the ways in which, we make decisions. Okay.

(Refer Slide Time: 22:54)

Consequentialist theories (Crane & Matten, 2010)

- Egoism:
 - "An action is morally right if the decision maker freely decides in order to pursue either their (short-term) desires or their (long-term) interests"
 - Different from selfishness in that selfishness includes insensitivity to the needs of the other
- Utilitarianism
 - "An action is morally right if it results in the greatest amount of good for the greatest amount of people affected by the action"
 - Also called the greatest happiness principle because it focuses solely on the consequences of an action, weighs the good against the bad results, and finally encourages the action that results in the greatest amount of good for all people involved
 - Utility is measured in terms of a cost benefit analysis of pleasure & pain (Hedonistic view) or happiness & unhappiness (Eudemonistic view)
 - Problems:
 - Subjectivity
 - Quantification
 - Distribution of utility

(Refer Slide Time: 22:58)

Example of a utilitarian analysis in the case of child labor (Crane & Matten, 2010)

| | Action 1: Doing the deal | | Action 2: Not doing the deal | |
|-----------------|--|--|---|---|
| | Pleasure | Pain | Pleasure | Pain |
| Product manager | Good deal for the business; potential for personal bonus | Bad conscience; possible risk for company reputation | Good conscience; less risk | Loss of a good deal |
| Dealer | Good deal | | | Loss of a good deal; search for new customer |
| Parents | Secure the family's income | Limited prospects for children | | Search for other sources of income |
| Children | Feeling of being needed, being 'grown up'; approval of parents | Hard work; no chance of school education | No hard work; time to play & go to school | Potentially forced to do other, more painful work |
| Grand-mother | Family is able to support her | | | Loss of economic support |

Example of a utilitarian analysis, in the case of child labor. I just show you, how people make decisions. Action one is, doing the deal. Right. So, say, you have a case of child labor, where a person has to decide, between making a deal with a dealer, who sources carpets, from a workshop, where children are employed, to make up its. Now, let us see, there are two options here. Either, you do the deal. You get those carpets, from the dealer. Or, you do not get the carpets, from that dealer. Okay.

So, this is doing the deal, or not doing the deal. Making the deal, or not doing the deal. Pleasure, we are dealing with utilitarian analysis. How do we assess things. This is a nice dilemma, that is presented here in the book. The pleasure, that comes to the product, and the stakeholders here, are the product manager. Say, let us, i will, i am sorry. I will remove the word, Thai, here, from here. I will remove this word, from here. It should be, just dealer.

So, any dealer. Could be a, Thai dealer. Could be an, Indian dealer. It does not matter. What is important here is, what is being dealt with here. We could have the product manager, who has to buy a certain number of carpets. And, please focus on the slide, now. So, and we have the dealer, who thinks, who needs to get the deal. The parents are, who is the direct contact, or, who is the go-between, the liaison between, the product manager, and the family of the, or, the source of these carpets.

And, we have the parents of the children. We have children themselves. And, maybe a grandmother, at home. So, let us consider the situation. Now, the product manager says, that if i do the deal, if i make the deal, if i buy these carpets, i will get a good deal for the business. And, if i get a good deal for the business, i could get a personal bonus. The pain, i will face is, bad conscience. My god. The employee small children, i will feel uncomfortable.

You know, there could be a possible risk, for company reputation, if the company is sued for child labor, by human rights organizations. So, that could be detrimental. The dealer says, okay, i am getting the money. So, it is a good deal. So, it is all pleasure. There is no pain involved. The parents say that, it is necessary, to do the deal, to secure the families income. Again, they also feel bad about, having their children, work. Because, the prospects for children, are limited.

The children feel good, about being needed. Being grown-up, they get the approval of the parents. People say, oh, you are doing a fantastic job. You are doing, such good work. So, they feel great. But, it is physical hard labor. And, they have no chance of school education. And, they realize it, later, when they grow up. Grandmother is very happy. If the deal is done, the family is able, to look after, her needs. So, everybody is okay. And, let us hope, this is a nice grandmother.

So, she will feel bad, about the children, not doing the, i mean, children not getting the education. Now, if the deal is not done. If the dealer, if the product manager, decides not to source carpets, from this factory. The pleasure is, that there is, less legal risk. There is good conscience. But, on the other hand, the pain will be, loss of a good deal. He may lose out, on his bonuses. He may need to find, another place. Not doing the deal, for the dealer, will be loss of good deal.

He will have to search, for a new customer. He may, or may not, find somebody. His children may go hungry, at the end of the day. Parents will have to search for, other sources of income. Their children know, how to make carpets. But, they are not able to sell the carpets. Because, they cannot make the carpets, without the help of these children. And, for whatever reason, if the carpet is not sold, they will have to wait, to eat. Children not doing the deal.

Pleasure is no hard work. They have time to play, and go to school, and grow up, beautifully. But, the pain is, they are, they may be potentially forced to do, other more painful work. That may not be, as productive. And, for the grandmother, there could be loss of economic support. So, when we look at this chart, as uncomfortable, as it sounds. It is a, when you look at the way, this has been analyzed. You will see, that it is important for this family, to go ahead, and do the deal.

Based on this, plus minus cost benefit analysis, the deal will be done. So, it is, you know, just look at this. Just compare these things. It is such a tight situation. This is the situation, that ethics put us in. You know, our standards are, willingness to look after the interests of the, or, our keenness to take the interests of people, around us, into account, puts us in this kind of a tight bind, where we have to decide, what is good, and what is bad.

When you look at this, using, my god, i have been thinking about child labor, and this, and that. But, then, i do not know, maybe, from the perspective of the family, this is good. Maybe, from the perspective of the family involved, there is a choice between, the devil and the deep sea. Let us say the dealer, have find, something else. But, this family may end up suffering, a lot more, by not letting their children, work.

So, what do we do. How do we decide. Are we in a position, to give them, alternative sources of employment or income. If we are, then, we go ahead, and forget about the deal. But, if we

are not able to do that, then, what do you do. So, we feel uncomfortable, both ways. And, this is one way, in which, we do a cost benefit analysis, as employees, as human beings, as people, as corporations. And, then decide, what we want to do, and what we do not want to do.

Now, i wanted to share this dilemma, with you. So, it would get you thinking about, how this whole sticky concept of business ethics work, works. In the next lecture, we will deal with, the application of whatever, we have studied in this lecture, in human resources management, specifically in the context of, us being managers, in the human resources department. So, thank you, for listening.