

**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION**

MBA FA 406(B)

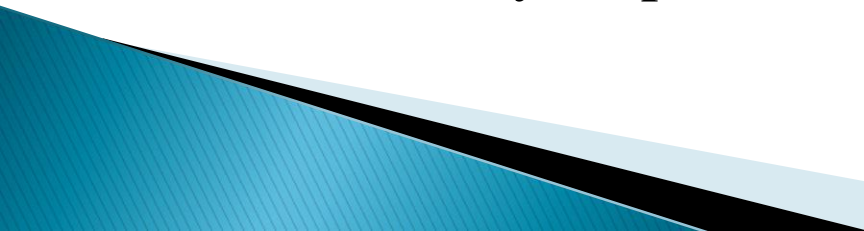
SUBJECT NAME:

**FUNDAMENTALS OF RETAIL
MANAGEMENT**

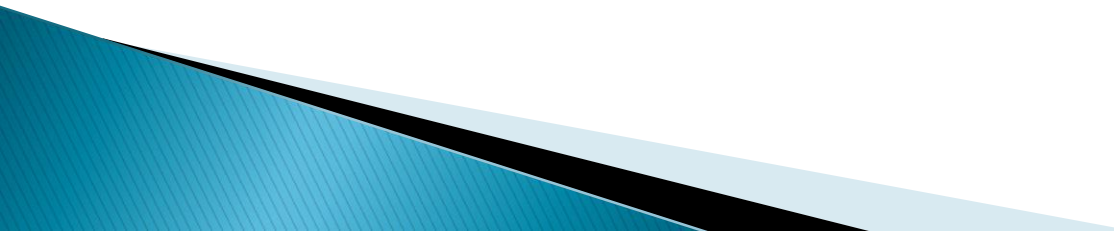
TOPIC NAME: ETHICS IN RETAILING



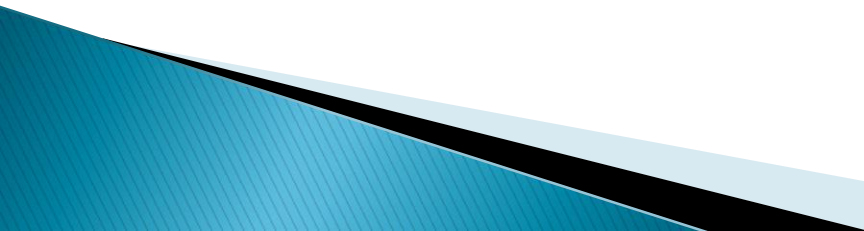
MEANING OF ETHICS:

- ▶ Ethics or moral philosophy is a branch of philosophy that involves systematizing, defending, and recommending concepts of right and wrong conduct. The field of ethics, along with aesthetics, concerns matters of value, and thus comprises the branch of philosophy called axiology.
 - ▶ Business ethics refers to implementing appropriate business policies and practices with regard to arguably controversial subjects. Some issues that come up in a discussion of ethics include corporate governance, insider trading, bribery, discrimination, social responsibility, and fiduciary responsibilities.
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ETHICS IN RETAILING:

- ▶ Ethics is a branch of philosophy that deals with values relating to human conduct, with respect to right or good and wrong or bad actions.
 - ▶ Ethics is derived from the Greek word ‘ethos’ which means character. Ethics in retailing pose certain critical issues. Retailing plays a vital role in the economy. The retail industry is the first link in the distribution chain, from the customer’s point of view. It is therefore vital for retailers to act in an ethical manner because they affect the lives of many people.
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The unethical practices used by the retailers towards consumers are:

- i. They charge full price for a sale item without the customers' knowledge.
 - ii. Don't tell the complete truth to a customer about the characteristics of a product.
 - a. Ethical practice towards consumers
 - b. Ethical practice towards investors/shareholders
 - c. Ethical practices towards employees
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a. Ethical practice towards consumers:

- ▶ The retailers should charge fair price for the products offered to them. The consumers have the right to get correct and precise knowledge about the products sold to them in respect of warranty, guaranty, price, usage, ingredients etc. Ethics is essential for the long run of the business. Ethical business is essential in today's competitive and dynamic environment.

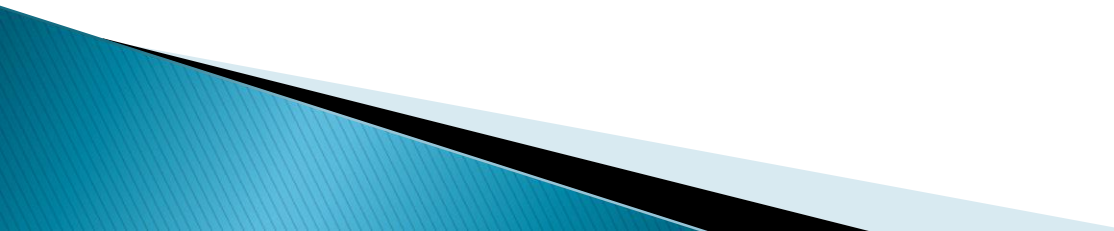
b. Ethical practice towards investors/shareholders:

- ▶ The shareholders are the owners of the business. Shareholders must be given fair returns on their investment at regular intervals. The share holders should be disclosed with correct information about the financial status of the business organization. The business organization must act in the interest of the shareholders.
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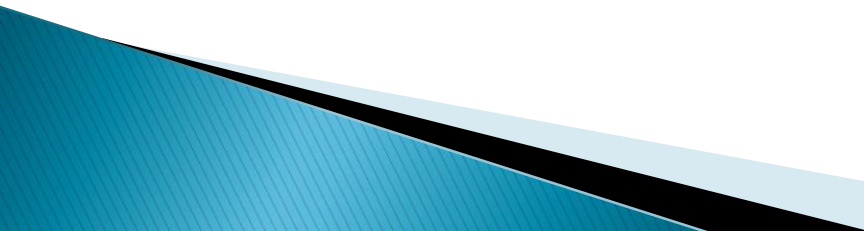
c. Ethical practices towards employees:

- ▶ Ethical practices must also be followed towards the employees. The retail industry employs large volume of retail staff. Therefore proper policies and procedures must be framed for the employees regarding recruitment, selection, training, promotion, welfare etc.
 - ▶ Negative issues relating employment relations in the work place can lead to loss of reputation and customers, it leads to poor staff morale, low productivity, and high labor turnover. To avoid these confrontations the retail manager should follow ethical practices towards employees.
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IMPORTANCE OF ETHHICS IN RETAILING:

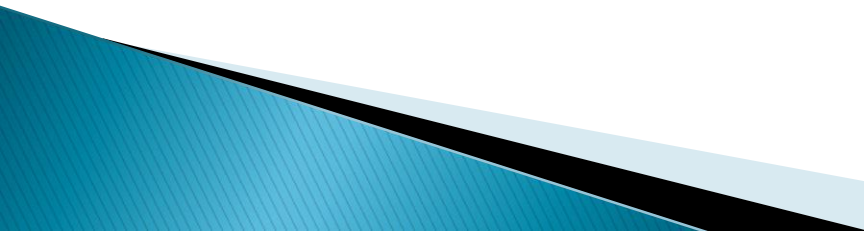
- ▶ Build a Positive Image in society
 - ▶ Ethics helps in satisfying human needs
 - ▶ Ethics plays an important role in decision making
 - ▶ Bringing People together
 - ▶ Makes society a better place to live
 - ▶ Long-term profits
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VARIOUS AREAS OF ETHICS IN THE RETAIL BUSINESS:

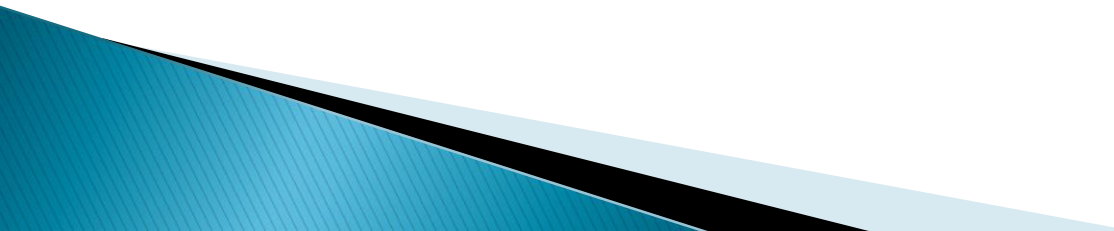
- ▶ Proper practice of Laws, rules, and regulations
 - ▶ Protection of interests of customers and their rights
 - ▶ Conflict of interest between the employees of the organization and retailer
 - ▶ Confidentiality
 - ▶ Receiving gifts in exchange of favors
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ETHICAL PRACTICE TOWARDS CONSUMERS:

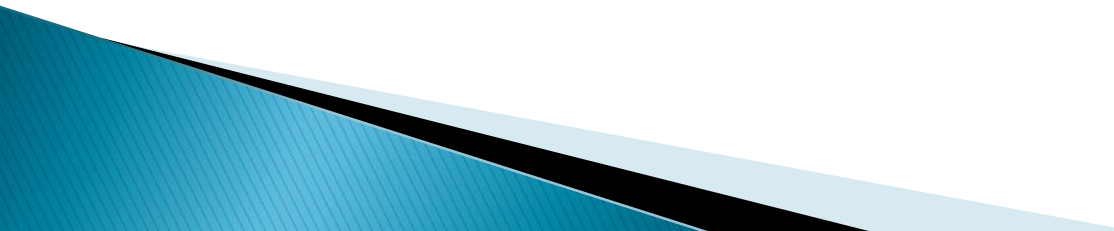
Ethics are important if an organization wants to stay in the market for a long period of time. In the current dynamic and competitive environment, it is very important for an organization to follow ethics.

- ▶ The retailer should charge a fair price for the products they sell to consumers.
 - ▶ The consumers have the right to get the precise and right knowledge about the products sold to them. They should be told about all things related to products such as guaranty, warranty, usage, ingredient, and price, etc.
 - ▶ Selling poor quality products to consumers.
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UNETHICAL PRACTICES OF AN ORGANIZATION TOWARDS ITS CONSUMERS:

- ▶ Selling the item at full prices even when they are on sales without the knowledge of consumers.
 - ▶ Hide the complete truth about the products and their characteristics.
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ETHICAL PRACTICES TOWARDS EMPLOYEES:

- ▶ Giving fair and equal treatment to employees.
 - ▶ Providing fair salaries as per their position and job role.
 - ▶ Treat employees with respect and courtesy.
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UNETHICAL PRACTICES TOWARDS EMPLOYEES:

- ▶ Unfair treatment to employees working at the same level.
 - ▶ Paying them less or not paying them as per the salary mentioned in the employment act.
 - ▶ Making them work overtime without paying for overtime work.
 - ▶ Abusing them at the workplace.
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