

# Operations managementpsychol ogy



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Operations management is a business management branch in charge of controlling and designing the production process, as well as redesigning business operations when producing services or goods. In this domain, ethics matter a lot because they satisfy basic human needs while boosting credibility. Generally defined as environmental, social and communal responsibilities of business pros, ethics in the business environmental, particularly in operations management, requires managers to think outside the box when making decisions. Companies of all sizes and shapes have incorporated and developed a lot of codes of conduct and systems to help them cope with ethical issues and be able to make more reasonable decisions.

When it comes to making decisions, operations management is crucial because we're talking about an activity with flowing resources within a properly defined system. These resources are combined and transformed in a way that they can add value. Operations managers make use of their knowledge, materials available (resources) and capabilities to maneuver materials properly in order to attain an output of a desired product quantity and quality. This is where ethics come in. Sadly, not all managers are responsible individuals, and some don't have a problem with consuming drugs or alcohol at work. This often leads to poor judgment, thus affecting the whole production, including the employees handling that production.

Operations managers deal with all kinds of ethic matters when making decisions. Their decision making are based on several very important factors such as magnitude of consequence, social agreement, effect probability, time interval, concentration of effect, and proximity. For example, founder of

RTI (Rumarson Technology Inc), Paul Baum, makes computer recycling a company mission. RTI acquires, refurbishes and distributes computer equipment from inventory buyout programs or trade ins. Basically, the company buys used computers and reinstates them; then it sells them as “nused” PCs with a 25-40% warrantee.

RTI donates computers that are not bought by anybody and recycles them, thus helping the environment. They’re well-aware that computers have more toxins than oil spills, which basically says that they’re acting ethical and that they care for their customers. But what happens when a company acts unethical? In operations management, it can be devastating. For example, Sanyo Electric Corporation shipped over 200, 000 defective laptop batteries. Designed together with the giant Lenovo (but solely tested by Lenovo), customers complained that the batteries overheat; some even sparked and one laptop in particular caught fire.

Following this incident, the company had to recall the batteries, costing Sanyo a fortune. But then again, money is not everything in business. Sanyo also lost its reputation and the company’s stocks dropped significantly. If the manufacturers had admitted to the error from the very beginning, none of this would have happened. Due to the unethical behavior of the operations management department, the entire company had to suffer.

Many companies today adhere to environmentally-friendly strategies in order to minimize negative outcomes and help the environment. This approach is the perfect proof of good ethics in operations management. For a business to be included in the sustainable branch – and feel that it’s making a difference

– it must be transparent from all points of view. Believe it or not, a sustainable set of business practices has a great impact on the relationship of an organization with its employees, investors and customers.

## References

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