

A study about retail
ethical issues
business essay



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Ethical issues in the retail industry include misleading advertisements, deceptive promotions, product misrepresentation, bait-and-switch, tax fraud, treatment of customers, honoring warranties, diversity of employees, discrimination, loyalty to and treatment of employees, employment of disabled persons, working conditions, bribes to secure contracts, outsourcing labor issues including child labor, and business practices of supply firms. This is not by any means an all-inclusive list. There are a host of ethical issues, and more come up every day.

The Impact of Workplace Safety

Safety programs for the workplace are necessary in every industry to ensure the safety of employees, employers and the customers. An employee's ability to competently and successfully perform their tasks can significantly rely on their work environment. The Occupational Health and Safety Administration (OSHA) establishes rules and regulations to be followed to ensure safety from any possible injury or accidents for both employees and customers. OSHA Section 1910. 23(a)(2) is an example of one of the many general requirements of OSHA,

“ Every stairway floor opening shall be guarded by a standard railing constructed in accordance with paragraph (e) of this section. The railing shall be provided on all exposed sides (except at entrance to stairway). For infrequently used stairways where traffic across the opening prevents the use of fixed standard railing (as when located in aisle spaces, etc.), the guard shall consist of a hinged floor opening cover of standard strength and

construction and removable standard railings on all exposed sides (except at entrance to stairway).”

These safety requirements help ensure the health and well-being of all employees, customers, delivery personnel, vendors, and all other internal and external personnel.

Safety of the workplace environment can affect productivity, and employee health and well-being. Safety factors usually fall into two categories: those that are driven by procedures, protocols and management requirements; and the factors that arise from the premises, office or factory design.

Examples of management driven factors include:

Organization plans like those for allocation of responsibilities at all levels, definition of job descriptions and the degree of access to the management and administrative support needed to complete their tasks.

Working patterns, shift working, break times, absence or holiday cover

Health and safety policies, including the provision of training, development of safe working practices and the adequate supply of protective clothing and equipment

The work environment can also have an impact on an individual’s ability to work safely, competently and in compliance with operational performance targets. It is important to address the following:

Adequate space should be available for the tasks the individual is required to undertake. Ensure that desks/computer terminals set-up, design, and being shared are not affecting productivity or causing stress.

The proper requirements for the type of lighting and the intensity should be properly determined. Insufficient light will have an impact on visual inspection activities.

Proper precautions should be taken to protect against weather/temperature. The company must provide adequate controls, clothing, and/or equipment necessary if the employee is to work outside or in adverse temperatures.

Air quality, ventilation and humidity should be adjusted to prevent poor air quality which could cause fatigue or a reduction in performance.

Premises hygiene/welfare facilities. The area that the employee is to work in should be hygienic, clean and tidy. Ensure that there is no level of clutter that could affect performance.

Ensure that all facilities (both staff and customer) such as toilets, washrooms, canteens, coffee making facilities are appropriately maintained in a satisfactorily hygienic state

Managers should often take walks around to look for any and all safety hazards that could pose a threat to employees or customers. It is management's responsibility to ensure the health, safety and welfare of all employees and customers. Management must set the right example by enforcing the proper safe practices and by showing the entire safety of the workplace is of great concern to them. A safe work environment can help

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employers identify risks and to evaluate workplace operations so they will be able to tell where improvement is needed. (Delaney (2010)).

Customers, vendors, delivery persons, and all outside stakeholders deserve as much, if not more, protection than employees and internal stakeholders. They deserve virtually all of the same requirements set forth for employees. As quoted by Warren Buffet “ It takes twenty years to build a reputation and five minutes to destroy it.” One accident or injury could destroy a company and even large companies are not immune to unrecoverable reputational damages. Customers should have a clean shopping experience without the fear of injury due to merchandise falling from shelves, tripping on items left in aisles, poor air quality, etc.

The Impact of Deceptive Advertising

The most basic explanation of deceptive advertising is when a business directly or indirectly makes false claims as to what their products or services can offer consumers in a positive sense. When an item or service turns out to be not as described or advertised by the company, that customer is not likely to return to that company. There are also other ways in which the company can be affected. The customer may choose to report the company to the local or state advertising regulation agency (such as Florida’s Department of Agriculture and Consumer Affairs), report the company to the Federal Trade Commission who regulates advertising for the United States, or they may even go so far as reporting to the media. But by far, word of mouth is still the most powerful advertising tool of all. Dissatisfied customers who have been victims of deceptive advertising will tell their friends and families, who will in

turn tell theirs, and so on with the cycle repeating until the damage to the company's reputation is past repairing. Some businesses engage in deceptive advertising by looking only at the profit to be made in the short-term and either not considering or not caring about the damage that can be done to the business in the long-term, which can often be irreparable.

Deceptive advertising can severely damage a company's reputation and cause the disappointment and distrust of customers and employees alike and then creates loss of customers, revenue and sustainability. Deceptive advertising can cause a domino effect of negative consequences that may take years for a company to recover from, and in some instances recovery is not possible. The distrust of employees can create an exodus of staff, high-turnover rates, loss of employee morale, loss of quality workmanship, and employees will have an impression from the company that the company does not care. This creates a very unpleasant work force and work place. The customers who already have lost faith and trust in the company receive further negative impressions from the unpleasant atmosphere given by the employees.

The Federal Trade Commission (FTC) is a United States government agency that develops policies for issues related to consumer protection. The FTC regulates, enforces and disciplines for issues related to these policies and the protection of all U. S. consumers. According to the FTC's Deception Policy Statement, an ad is deceptive if it contains a statement or omits information that is likely to mislead consumers acting reasonably under the circumstances and is important to a consumer's decision to buy or use the product. (ftc. gov).

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The Impact of Unethical Accounting

Regardless of the industry or type of business you are in, accurate accounting records are vital. There is absolutely no room for unethical behavior in companies' accounting practices. Accounting is crucial to the operations, financial stability and profitability of every business. Unethical accounting practices can arise due to lack of knowledge of rules and regulations and because of intentional deceptive practices. Regardless of the cause, the affect is just as devastating to management, employees, and customers. A good document management system can be crucial to the financial accounting of any business. The laws and rules can and need to be recorded correctly, stored correctly, and easily retrievable when necessary. (Baker, 2010).

Reasons for financial impropriety can be an employee embezzling funds for personal financial gain, inflating financial statements to make the company appear to be performing better than it actually is, or because they want their stock portfolio to increase. Regardless of why or how the financial impropriety is accomplished, the results are the same. As with any other unethical behavior, it creates with both customers and employees distrust, a feeling of betrayal, disappointment, loss of employees, loss of revenue, loss of sustainability, and just like with deceptive advertising it may destroy a company's reputation beyond repair. Once trust is lost it is extremely difficult, and sometimes impossible, to gain it back.

Many laws have been enacted on both the state and national levels intended to prevent unethical accounting and financial impropriety. The most

prevalent is the Sarbanes-Oxley Act which established new or enhanced standards for accounting and reporting practices. The Act requires that publicly traded companies disclose their code of ethics for senior financial officers and was designed to promote honest and ethical conduct. The Act also required full and accurate disclosure in periodic reports and compliance with applicable government rules and regulations. Some of the more primary goals of The Act also include the threat of real jail time for offenders, corporate activities are to be overseen by an independent board, and loans to senior executives were to be eliminated.

Safety Workplace Recommendations

To create a safe work place, begin by identifying what you want to avoid. For example: accidents injuries, lawsuits, harassment, loss of productivity. Talk with other professionals and research data for similar workplaces in your industry and what common types of occurrences that they have had. Identify the most common types of injuries or hazards in your industry. Review with employees to see what they feel are potential areas that need attention. Create a clearly thought out Safety Plan and ensure that all employees are aware of the policies and procedures contained in the plan.

Great attention should be given to the requirements of OSHA and all state and local authorities in regard to safety policies and procedures. Having a Compliance Officer within a firm can be a very useful and helpful addition. Requirements of a CO's job would be to make sure that they, the company and all employees remain up-to-date with all improvements and requirements of all authorities, ensure that all employees are continually

updated on policies, and be responsible for enforcing compliance with the company's safety plan along with any discipline actions that may be necessary. For a safety plan to work properly, it is imperative that management ensures that the program is put into effect and they lead by example with following all policies and procedures.

Proper attention must be given to customer safety, which is often overlooked. The company must ensure that the customer feels welcomed and comfortable. For the safety of customers the company should ensure that the air quality is that of comfort, aisles and walkways are kept clear of any clutter, all stock is properly shelved, any spills are immediately cleaned, all necessary signage is posted, and all employees are friendly and courteous without any signs of negativity or ambiguous behavior.

Advertising Recommendations

The simplest and easiest way to avoid deceptive advertising is to just be honest. While everyone is trying to come up with the most clever or entertaining way to get the customer's attention, honesty just sometimes goes right out the window without anyone realizing it. To be ethical, advertising needs to be at all times clear, straightforward, and honest.

Following the guidelines of industry best practices, guidelines of the

Federal Trade Commission, and guidelines of all state and local advertising authorities should ensure ethical advertising. All companies should have a clearly thought out and documented Code of Ethics and Operating Standards and Procedures. But just having the policies is not enough, they must be

communicated clearly and understandably to all staff and re-enforced on a continual basis.

Ethical Accounting Recommendations

Implementation of a “ smart” accounting system is recommended for any company in any industry. These systems have periodic system updates in which any new laws, policies or procedures are downloaded to the software and immediately implemented into the company’s financial accounting system. Because payroll and human resources rely on the correct filing and retention of personnel files and financial data, a smart system is excellent way to remain up-to-date and informed without missing any new laws.

Utilizing the most user-friendly smart system available can make legal record keeping a much easier task with less risk of financial impropriety. The company can become more profitable with a smart system because more time and money can be spent on other aspects of the company instead of allocating so much time for researching laws and regulations.

Summary

A company needs its employees to accurately and effectively complete their job duties in order to be successful. While a company’s product or service may be vital for everyday life, the company will not be successful if cannot depend on its employees to ethically complete their job. The importance of ethics to a successful business is invaluable. Financially, the cost of doing business ethically can be more expensive than taking short-cuts for short-term profit; but in the end the long-term the company will be more profitable and sustainable.

Ethical resolution of conflicts requires discussion, analysis, problem solving and decision making. In order to resolve ethical dilemmas, managers need to utilize critical thinking and have interpersonal communication and negotiation skills. Before making any decision, one has to analyze all of the positive and negative consequences that are connected with the issue. To be as ethically responsible as possible, every company should have whistleblowers, utilize watchdog organizations, have clear codes of conduct, continuing training and education, an open door policy, and a no retaliation policy. Having all of these policies in effect does not guarantee 100% ethical compliance, but goes a long way toward accomplishing the goal.