

Ethics

Ethics in Management
&
Code of Ethics

Definition



- The branch of knowledge that deals with moral principles.
- These principles apply to every function within every business.
- These values also apply to every product, process and policy within a company.
- Code of Ethics at a corporate apply to every situation / scenario and interaction with customers, suppliers, employees and all stake holders.

Workplace ethics

- While this is a very exhaustive topic, lets try and understand a few processes within a company and how ethics effect thee processes.



Case Study; Kellogs

K Values™

INTEGRITY

We Act with Integrity
and Show Respect

ACCOUNTABILITY

We Are All Accountable

PASSION

We Are Passionate About
Our Business, Our Brands
and Our Food

HUMILITY

We Have the Humility
and Hunger to Learn

SIMPLICITY

We Strive for Simplicity

RESULTS

We Love Success

Global Code of Ethics Principles

OUR PEOPLE

We act with integrity. We treat
each other with fairness and
respect.

OUR CONSUMERS

We delight our consumers
with safe, high-quality, great-
tasting foods.

OUR MARKETPLACE

We compete vigorously and
with integrity. We partner
with those who demonstrate
our values.

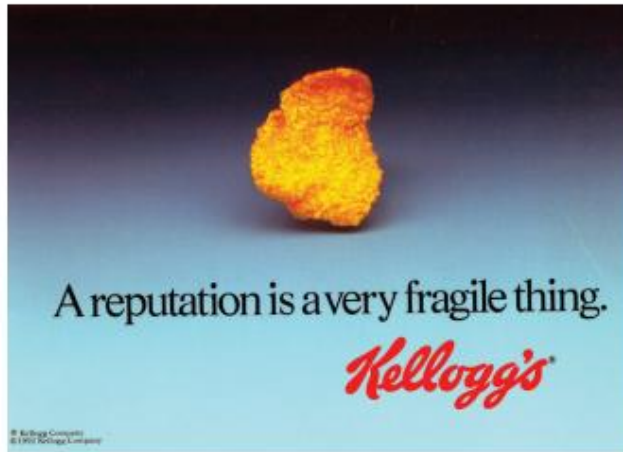
OUR INVESTORS

We are a preferred investment
because we deliver the present
while creating the future.

OUR COMMUNITIES

We use natural resources
responsibly and support our
communities.

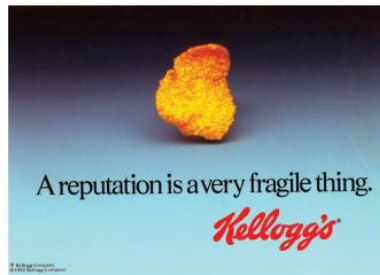
Case Study; Kelloggs



Legacy of Quality and Integrity – Photo from 1981 advertisement

Everyone, Everywhere, Every Day.....	
Everyone's Responsibilities.....	
Special Responsibilities for Leaders and Managers.....	
Making Decisions the Kellogg Way.....	
Responsibilities of Suppliers and Other Business Partners.....	
How We Uphold the Code.....	
The Importance of Seeking Guidance and Speaking Out.....	
Seeking Guidance.....	
Office of Ethics and Compliance.....	
Speaking Out: Expressing Concerns and Calling the Ethics Alertline.....	
Retaliation Is Strictly Prohibited.....	
Investigations.....	
Government Investigations.....	
Disciplinary Action.....	
Waivers.....	

Case Study; Kelloggs



Legacy of Quality and Integrity - Photo from 1981 advertisement

Avoiding Conflicts of Interest

At Kellogg, we thrive together. We make decisions and act in the best interests of Kellogg rather than for personal gain.

Relatives and Friends

We avoid putting ourselves in a position where our judgment and decision making could be influenced by close personal or family relationships.

Personal or Close Relatives' Investments

We ensure that our investments and those of our close relatives do not create conflicts of interest that could affect our objectivity when making work decisions.

Outside Employment and Other Activities

We each give our best effort every day at Kellogg, not allow outside jobs or other activities to hinder our contributions to Kellogg.

Corporate Opportunities

We share knowledge of opportunities we uncover and discoveries we make in the course of our work so that we can better pursue our goals as a company and serve those who count on us.

Gifts and Entertainment

We do not give or receive inappropriate gifts, favors and entertainment.

Case Study; Kelloggs

Living Our Values for OUR INVESTORS

Creating and Maintaining Accurate Records and Accounts

We maintain complete and accurate records so that we can make responsible business decisions and provide truthful and timely information to the investing public and various governments.

Safeguarding Our Reputation and Other Assets

We protect Kellogg's reputation and other tangible and intangible assets so that we can better serve our consumers and preserve value for our investors and other stakeholders.

Protecting Our Proprietary and Confidential Information

We must safeguard Kellogg's proprietary and confidential business information against unauthorized disclosure and misuse.

Using Equipment, Information & Communications Systems Responsibly

We use company equipment and information communication systems responsibly.

Avoiding Insider Trading and Market Abuse

We never use or improperly disclose material, non-public information about Kellogg or another company for the purpose of buying or selling securities, nor do we ever attempt to manipulate the price of publicly traded securities.

Responding to Inquiries from Investors, Analysts and the Media

At Kellogg, we speak with one voice when communicating with the media, financial analysts, investors and the general public.



Legacy of Quality and Integrity – Photo from 1981 advertisement

Case Study; Kelloggs



Legacy of Quality and Integrity – Photo from 1981 advertisement

Living Our Values in OUR COMMUNITIES

Protecting the Environment.....

We are committed to building a more sustainable society by striving to minimize our environmental footprint and developing solutions that conserve resources and protect our planet.

Contributing to Our Communities.....

We are committed to supporting the communities where our employees live and work, while also exploring ways to address broader challenges in society.

Participating in Politics and Government Affairs.....

We encourage our employees to participate in the political process as active citizens. As a company, we will engage constructively with all governments in whose jurisdictions we operate.

Personal Political Activity.....

We encourage individual participation in civic and political activities, including holding political office.

Corporate Political Activity.....

Wherever we do business, we comply with federal, state and local political campaign finance and election laws.

Lobbying.....

We will never apply, or attempt to apply, improper influence on any government agency, representative or legislator to produce an outcome favorable to Kellogg.

W. K. Kellogg: A Legacy of Integrity.....

Global Access Numbers for Our Ethics Alertline.....

Source; <https://www.kelloggcompany.com/content/dam/kellogg-company/files/KGlobalCodeofEthics.pdf>

- Business ethics is one of the most complicated and contentious subjects in human history. The relationship between doing the right thing and making money is highly opinionated.
- There is a broad consensus that ethical business is better for business since in the long term it helps build the brand and customer base. However one finds that even leading large companies employ un-ethical practices time and again.
- The purpose off these slides is dual
 - One to help you understand ethics in business.
 - The second more important purpose is to make the student think in this direction.

Business Ethics

- Ethical marketing seeks to promote honesty, fairness, and responsibility in all advertising and marketing efforts.
- Ethics is a subject where everyone has subjective judgments about what is “right” and what is “wrong.”
 - For this reason, ethical marketing can be understood not as list of rules, but in general a set of guidelines.
 - Usually unethical behavior is not necessarily against the law, so you may observe many companies who use unethical advertising to gain a competitive advantage.

Ethics in Marketing

- Many diet pill companies use exaggerated and manipulative claims to essentially trick customers into buying these products
 - If that same company committed to using ethical advertising they would probably go out of business.
 - It is not illegal and hence these companies engage on to such advertising,
 - On the other side such un ethical behavior keeps the company alive; else they might have to shut down.

Case ; Diet Pill Company

Un-Ethical??

(For Class Discussion)

- **Surrogate Advertising** – In certain places there are laws against advertising products like cigarettes or alcohol. Surrogate advertising finds ways to remind consumers of these products without referencing them directly.
- **Exaggeration** – Some advertisers use false claims about a product's quality or popularity. GUARANTEED CURE for TOOTH ACHE
- **Unverified Claims** – Many products promise to deliver results without providing any scientific evidence. Shampoo commercials that promise stronger, shinier hair do so without telling consumers why or how.
- **False brand comparisons** – Any time a company makes false or misleading claims about their competitors
- **Children in advertising** – Children consume huge amounts of advertising without being able to evaluate it objectively. Exploiting this innocence is one of the most common unethical marketing practices.
- **Actors dressed like Dentist / Doctors in Advertising**
- **Health Bar showcasing protein; but in reality having lot of sugar. In addition to protein.**
- **Health Snacks; which can not be taken in higher quantity by children (may lead to obesity)**

Pricing within Code of Ethics

Pricing & Ethics

- **Price Collusion: (Cartels)**
- Price Collusion is when several companies get together in order to hold the price of a good or service at a raised level in the hopes of achieving large profits or restricting the market. Price fixing is sometimes called price collusion in order to emphasize the agreement using secretive, to avoid fair competition.
- **Pricing practices that are considered unethical in most geographic markets include:**

Bid rigging is a fraudulent scheme in procurement auctions resulting in non-competitive bids and can be performed by corrupt officials, by firms in an orchestrated act of collusion, or between officials and firms.

It is a form of price fixing and market allocation, often practiced where contracts are determined by a call for bids, for example in the case of government construction contracts. The typical objective of bid rigging is to enable the "winning" party to obtain contracts at uncompetitive prices.

The other parties are compensated in various ways, for example, by cash payments, or by being designated to be the "winning" bidder on other contracts, or by an arrangement where some parts of the successful bidder's contract will be subcontracted to them.

In this way, they "share the spoils" among themselves. 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.

Pricing & Ethics (2)

Dumping (pricing policy)

Dumping, in economics, is a kind of injuring pricing, especially in the context of international trade. It occurs when manufacturers export a product to another country at a price below the normal price with an injuring effect.

The objective of dumping is to increase market share in a foreign market by driving out competition and thereby create a monopoly situation where the exporter will be able to unilaterally dictate price and quality of the product.

Sometime back China was in the news for such dumping in the American markets.

Pricing & Ethics (3)

Predatory **pricing**, also known as **undercutting**, is a pricing strategy in which a product or service is set at a very low price with the intention to driving competitors out of the market

Price gouging is a term referring to when a seller spikes the prices of goods, services or commodities to a level much higher than is considered reasonable or fair, and is considered exploitative, potentially to an unethical extent.

Usually this event occurs after a demand or supply shock: common examples include price increases of basic necessities after hurricanes or other natural disasters.

Social Media behavior within code of Ethics Policy

Case Study Kellogg's

Case Study Kellogg; On Social Media

ENGAGING IN SOCIAL MEDIA

HOW

We Do What's Right

We have a shared identity as Kellogg employees, but we are also individuals with our own thoughts, opinions and interests.

WHY

It Matters

What we say, email, blog, post or tweet can reach millions of people in seconds. And because our communications can reach millions of people, they also can affect millions of people, for better or for worse. Everything we say and do affects our reputation. This power brings additional responsibility.

Even as we find new ways to communicate with others, we recognize the growing importance of social media and believe it can be a great vehicle for communicating our passion and knowledge to our customers and consumers.

Outside of work, many of us blog, post on social networks and contribute to wikis. Even in these personal pursuits, we all have a responsibility not to disclose company confidential and proprietary information without authorization.



A reputation is a very fragile thing.

Kellogg's

Case Study Kellogg's; On Social Media

WHAT

It Means

We should engage with social media responsibly, in accordance with the following rules:

- Adhere to the K Values™ in all authorized business communications.
- Comply with our Global Social Media Policy.
- Distinguish clearly between authorized business communications and personal communications.
- When endorsing our company and its products, we identify ourselves as a Kellogg employee.
- Ensure that our time and effort spent with social media do not interfere with our work commitments.
- Never disclose our (or our customers' or suppliers') secret, confidential, proprietary or privileged information.
- Do not make maliciously false statements or statements that violate the law, the community terms of use for the page or company policy.

Use your best judgment and exercise personal responsibility.
Your actions can result in unintended consequences.

For more information, review our Global Social Media Policy or contact our Office of Ethics and Compliance for guidance.



A reputation is a very fragile thing.

Kellogg's

Class Discussions

In order to gain better understanding over this topic,
Students are requested to

1. Study 3 to 5 advertisements aimed at Children and frame an opinion on why the advertisement is ethical and why is it unethical.
 - a. List 5 point on each side.
2. Undertake a study of code of ethics of 2 large companies and come out with an observation on which code of ethics is broader and covers wide situations.
 - a. Please note that such observations should be for class discussions only and should not be circulated on social media.

Personal Assignments

- Please go through the code of ethics – social media pages, discussed earlier.
- Please make a note of modifications required in your own behavior on social media.