

Integrate Ethics in Operations Management: A Field Study Approach

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Acknowledgements:

I would like to extend my appreciation for the opportunity provided by the Ignatian Mentoring Program for the great support, and express my thanks to my mentor Dr. Dave Hyland for his generous time and great guidance.

Introduction:

Ethics lies at the core of Jesuit education. In the operations/supply chain management area, it's important for our students to learn why and how to operate a business in an ethical way, when they design goods/services/facilities, select processes and layouts, source materials, produce products and services, manage quality, plan logistics systems, etc. In this area, we have seen numerous opportunities, challenges, success stories, and failures. The earlier our students can learn this, the more our society will benefit from them.

I made significant changes to my syllabus and course materials to integrate ethics in my operations management course using ethics-related cases, discussions, videos, and field studies. Building the connection between ethics issues and the operations course concepts helped strengthen students' knowledge in both ethics and operations management, according to the student feedback.

Course Information: (MGMT302 – Operations Management)

The purpose of this course is to provide undergraduate business students with a thorough introduction to the concepts and tools needed to understand the role of the operations function in the success of an organization, and to improve the quality, productivity, and competitiveness of their organizations' core processes. Much of the content also applies to other processes in business and society.

This course has lectures, experiential exercises, field studies, videos, case studies, discussions and real world application term project. This course also stresses the importance of ethics in operations. More details will be provided in class.

Ethics is an extremely important, integral part of operation for all businesses, especially in today's fast paced and globalized business world. Ethical operations bring competitiveness and challenges. For the operations topics that we cover this semester, we have ethics related discussion questions, real world field studies (with short reflection report) case studies, events organized by the Ethics Center of Xavier, etc. More details are provided in class.

A Two-Stage Field Study on “Ethics and Quality”:

Rather than lecturing ethics theories in the classroom, I took a more experiential approach (e.g., cases, discussions, stories, videos, and field studies) to integrate ethics in operations management. Research has shown that these experiential learning techniques encourage in-depth understanding of the course material. The knowledge that we have acquired consists, in part, of the context or situation where they were acquired. Abstract course concepts divorced from relevant context have little meaning. Field studies help the students see the relevance of the

course knowledge and motivate their interest and learning. This report gives an example of the ethics related field studies that the students did in my operations management course.

Guidelines for the field study are as follows:

1. You're going to observe the quality management practice in XXX (a local grocery retailer). This field study assignment is related to Quality management (Chapter 6), and is designed to facilitate your reading and make it more relevant and experiential. I will collect your answer and ask you to share your findings/thoughts with the class.

2. Answer the following questions:

- a) How would you define the quality of a XXX? In other words, from a customer's standpoint, what are its key aspects/dimensions of quality for Kroger?
- b) Read our slides, and textbook (9th edition, Page 210, the subsection titled "Cost of Quality"). Based on your experience/observation, what does XXX do in order to prevent quality problems from occurring? Can you give 10 specific examples?
- c) Four major categories of costs are associated with quality (please refer to our slides, and textbook, 9th edition, Page 210, the subsection titled "Cost of Quality"). Read those paragraphs. Based on your experience/observation, can you give some examples of "Internal Failure" and "External Failure" in XXX?
- d) Ethics plays an important can critical role in operations management, including quality management. How does the ethics of the employees and customers affect the quality in XXX? Based on your experience/observation, give some examples, to demonstrate how the ethics of the employees and customers could affect the quality of the products/service provided by XXX, positively or negatively. And provide some solutions for the unethical behavior of the employees and customers.

Stage One - Sharing Findings

The students did their field study, observing the quality management practice in that business and interviewing the employees/customers of the business. They identified a huge variety of ethical issues in the store and analyzed how they could affect the quality of service and products in that store. They also provided recommendations to resolve these issues. Below is a sample of their findings.

Customer-Related Ethical Issues

Customer stealing: customers hide the products on their person or not scan items in the self check out line.
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If a customer has bad attitude towards the employees then they might not be motivated to do their job correctly.
A customer could break a product and not report it. This could give xxx a bad name because it might make people think they don't watch after their products closely enough.
Ethics plays a major role in quality management. I have seen at xxx before and watched a person grab a chocolate milk, drink it, and put it on top of the shelves out of sight. This unethical behavior not only increases costs for the rest of us who actually pay for our groceries, but they also affect the atmosphere due to certain clientele which in my opinion affects the quality of xxx.
There was a time in which I have seen customers in the store open up products and then put them back which causes the other customers no to buy it because it has already been open and contaminated. This act alone can cause xxx to throw away products that were perfectly fine.
I have seen customers just treat the store like it was a trash dump. They take the products and move them all over and if they do not want them while they are shopping they just throw them out of their cart. This makes shopping very hard for other customers and even harder for the employees.
An unethical customer may return items that are perfectly and claim quality issues to make money.
When xxx treats customers ethically, it helps business in many ways.
The unethical behavior of customers can also negatively affects the quality of xxx's products, as careless customers consistently leave refrigerator and freezer doors open, which can cause the spoilage of a significant amount of food. This can be prevented through increased monitoring of the refrigerators, and by installing a device in the refrigerators and freezers that detect any dramatic fluctuations in temperature.
Customers might not value ethics and proceed to shoplift, misuse coupon policies and/or harass employees, the company loses money for replacing the stolen items, money lost from an overuse of coupons and employee hiring and training for lost employees.
In terms of customers it would be much harder for xxx to influence how they act. But an unethical customer would be one who is sick with the flu and still goes to the store. This could get other customers and employees sick. Xxx could help fund program that educate customers and help explain how being sick could affect others.

Employee-Related Ethical Issues

Employees help thieves with their stealing by not paying attention in the self-checkout line or not scan items for a customer.
Employees may not care after putting defective items on the shelves or taking them off the shelves.
Employees may not want to put in the work to scan through the items and sort the defective and non-defective items.
Employees could either have an attitude for which they care or do not care. If they do care then the products will be placed neatly, and will be taken care of and make it appealing to the customers so they will end up buying it. If the employee doesn't care then the product might be broken or not properly taken care of.
The way the employees approach their jobs can determine if the customer has a good or a bad shopping experience and if they have a good or bad opinion of xxx.
If an employee doesn't listen to the customer closely enough or if they don't care then they could

<p>give them the wrong order and the customer gets very upset.</p>
<p>At the xxx location, they do not seem to enjoy their job and have a poor attitude, which creates a negative atmosphere.</p>
<p>When restocking a particular good that is relatively perishable, an employee might find they'd be able to do their job more quickly if they just replaced the good as fast as possible, not paying attention to expiration dates – leading to possibly wasted product and spoiled product being left on the shelves.</p>
<p>The employees who abuse their positions to steal from xxx or benefit their friends or ignore customers impact the quality of service and environment of xxx.</p>
<p>If the employees decide to make unethical decisions the business would suffer greatly. For example, if they started selling defected products or expired food to customers just because they did not want to waste it there would be many consequences.</p>
<p>The ethics of the employees severely affect the level of quality. For example, I was at xxx last week, and I could not find where tortillas were. I simply walked up to an employee and they informed me where it could be found. Due to the high morals that some employees have, it can increase the level of quality at that particular xxx store.</p>
<p>If an employee is unethical they might let items with less than desirable quality sit on the shelf in order to increase profits.</p>
<p>The better xxx treats its employees, the better they will want to perform ethically. When employees feel like they are treated fairly and paid a fair wage, it causes a more pleasant workplace, which can drive sales and increase efficiency.</p>
<p>The ethics of the employees and customers affect the quality in xxx in many ways. One of the ways this could negatively impact the quality of the products/services provided by xxx is if there is an employee who is rude to the customers and doesn't really want to talk to them. So the customer no longer wants to go through that person's checkout lane causing them to go to the self-check-out instead.</p>
<p>An ethical employee would remind their customers if there is any discount they can take on their purchase. It is an ethical thing to do to help the customers save some money, and the customer will return to the store because of it.</p>
<p>In one instance in an xxx store in Downtown Cincinnati, employees were caught relabeling packages and prolonging expiration dates to be able to continue selling meat without having waste. While they were maintaining their profits, the xxx was placing their customers in a danger that they were unaware of when purchasing products. This is unethical, and once uncovered, was damaging to profits.</p>
<p>The employees also need to be honest and careful in throwing out spoiled or rotten produce and deli produces in order to maintain quality and safe products.</p>
<p>An example of unethical behavior at xxx is when an employee scanned non-damaged beer and other goods as damaged and then took the goods home.</p>
<p>Based on my experience going to xxx, I have had very positive employees who are ethical. One example of this was when I was checking out and the cashier told me to go back and get a second item since it was "by one get on free." Among others, this was one of the reasons why to this day I continue to shop at xxx.</p>
<p>Xxx depends on employees to work hard in order to project a positive image of the company. By failing to perform, and visibly behaving poorly, the organization suffers both at the service level and at the organizational level.</p>
<p>I noticed an employee not taking some of the cans off the shelf that were expired and instead</p>

putting the new ones right in front. This is a huge ethical issue because a can that is outdated could get a customer sick.
Another unethical aspect of an xxx employee would be that she or he doesn't use gloves in the deli or meat sections.
For example, in the self-checkout line, I witnessed the employee clear people buying alcohol without checking their ID. They were just assuming based on appearance. These people also have the power to let people get by without paying for thing or sneak things out or stop people from doing this.
If the maintenance people at xxx are not doing their jobs, the floor could remain wet and customers could slop and fall, costing the company money in a lawsuit.
I have noticed at times, some of the employees that check out at the registers are lazy and slow, and I find myself having to bag my own food at times.
An example of an ethics violation would be if an employee were stealing money from the company, such as pocketing money from cash registers or allowing customers to misuse coupons.
It is important that the employees treat each customer equally. In doing this, each customer feels a sense of security when shopping at Kroger and is not made to feel discriminated against or mistreated, especially when it comes to suspicious activity such as a potential shoplifter, customers are not treated differently by any stereotype.

Consequence of Ethical Issues

More security personnel and cameras will be needed, which leads to higher cost for the store and all customers.
Customers may not want to shop at the store that they know many thieves will be around that could steal their wallet or groceries.
Having a lot of defective products on the shelves affects quality when customers are seeing and buying these defective products.
The ethical choices of the xxx employees can affect the overall experience of the customers. The way employees act can deter customers away, and have potential customers go to another grocer.
If I am a customer at xxx and I see an employee drop an open piece of ham on the ground and continue to put it in the display for sale it would certainly affect my decision to buy groceries from that xxx or any xxx in that case. It is absolutely important that employees act with ethical behavior.
Obviously, this problem would result in subpar quality for customers, as the product they might be looking for might have been thrown away, or it might be expired.
Another scenario might include deli workers moving at a slow pace, because they get paid whether they cut meats for customers or not. This would obviously result in longer waiting times for customers, reducing quality.
First off, customers would notice that xxx is giving them bad products and they would do their shopping elsewhere. Secondly, giving customers faulty products could cause serious problems for xxx including lawsuits, fines, and so on.

Recommendations

Hiring good employees and training them well.

Making sure employees are monitored to make sure they are doing their job.
A way that both the customers and employees can avoid poor ethical decisions is a strong, fair, but assertive management. They can train the employees on the way to communicate to other employees as well as customers, creating a stronger connected workplace.
At xxx, in order to attract more customers and keep them coming back, they need to create a positive and comforting atmosphere that makes people feel happy while shopping because usually the idea of grocery shopping is boring and a chore.
When restocking, I think a solution would be to have two separate people replace inventory in alternating shifts, so that if one employee might be engaging in unethical behavior, the other would catch it and fix the problem as soon as possible.
A potential solution might include adding monetary incentive for those employees who have quickest service times.
Some solutions to resolve this issue are to have more cameras watching customers, and potentially have another security guard who walks the store. Additionally, internal control to be put in place to prevent employee fraud would be beneficial to the whole xxx model as costs could be saved and ethical behavior would be improved.
If theft of higher quality and priced products occurs frequently, that product offering might be dropped to reduce the cost of carrying highly sought after items. One product is kept in a plastic case that needs to be opened at the register to prevent theft.
A solution to this would be having more than one employee check quality at different times so they can catch mistake or an unethical employee. Also have a stricter return process that would discourage unethical consumers to return products that are fine.
A solution for this could be a better screening process of the employees so that they aren't going to be people who treat the customers rudely.
Xxx could institute numerous internal controls designed to prevent the future theft of products. They can also require their employees to enroll in an ethics class prior to employment.

Stage Two – In-depth Discussion

At stage two, the students discussed the root causes of the identified ethical issues in that business. They shared their thoughts and knowledge. They concluded that ethics plays an extremely role in quality management, not just for that particular business, but also for all organizations. Quality management, an important topic in operations management, relies on ethical conduct of all stakeholders of the products/services.

Student Feedback

Student feedback was very positive. They made such comments as, “It’s definitely experiential!” “I definitely remembered it now.” “I’ll remember it for a long time” “I enjoyed it a lot” “It triggered my interest.” “I really saw how ethics affects quality.” “I understand both quality and ethics better.” “It made things relevant to me!” They suggested the continuous use of such field studies.

Conclusion

This field study was just one of efforts that were made to integrate ethics in the operations management course. When this report was writing, more detailed, in-depth data analysis was being conducted to find opportunities to improve this method.