ABSTRACT

Ethics means Principles of conduct that guide an individual or group in deciding what is good or bad. The word ethics is derived from the Greek Word “ethos” meaning character. It is the branch of philosophy, which is concerned with human character and conduct. Ethical norms encompass truthfulness, honesty, integrity, respect, fairness, and justice. Webster defines the word ethics as “The discipline dealing with that which is good and bad with moral duty and obligation.” Ethics refers to a system of moral principles, a sense of right and wrong and goodness and badness of actions and their motives and consequences. The term business ethics refers to the system of moral principles and rules of conduct applied to business. Business ethics does not differ from generally accepted norms of good or bad. To be more specific, business ethics is the study of good and evil, right and wrong and just and unjust actions of businessmen. Ethics constitute basic code of civilized behavior. Business ethics that branch of ethics which examines as to what is right or wrong in the context of business. Business Ethics refers to such principles that govern the decisions and actions related to business. Business ethics requires application of ethical principles to issue that arise in a business environment.

Keywords-- Ethical environment

I. INTRODUCTION

According to M.K Gandhiji, “Politics without principles means politics without truth”. Gandhiji believed in trusteeship philosophy i.e. business should act as a trustee for the society. Every business should adopt ethical business practices. It not only results in prosperity for the business but also for the society. He believed that educational institutions and educational system should emphasize on character building rather than career building.

The chief executive officer should take initiative in ensuring ethical standards in his organization. The senior manager of a business organization plays an important role in establishing ethical environment. If manager behave as if the only thing that matter is profit, employees are likely to act in the same manner. The managers are responsible for setting standards for what is and what is not acceptable employee behavior. As stated by Ms Watson a morally responsible executive is one who knows the various kinds of value system that may be employed in a particular situation and has a rather clear idea of what values hold as priorities or ascendancies over others. It is vital for the managers to play an active in creating a working environment where are encouraged and rewarded for acting in an ethical manner. Ethics are comparatively abstract and cannot be expressed as general rules and statements. Ethics are uniform across different cultures, religions and societies. The following three repositories of ethical values influence managers in every society:

- Religion inspiration
- Cultural experience
- Legal system

Ethical values are a mechanism that controls behavior in business and in the other walks of life. Ethical restraints are more effective that are under controls such as police, lawsuits or economic incentives. Ethical values channel individual energy into pursuits that are being to others and beneficial to the society.

In a market economy, the customer is supposed to be the ‘king’ who determines what to produce, how to produce and by whom to produce. The economic wheel moves around his whims and fancies. Businesses which disregard the wishes of their customers fade away into oblivion, says management books. Yet, customers across all regions of India are taken for a ride by unethical business practices. (Ritesh Kumar Singh Prerna Sharma) India lacks business ethics Business Line

II. REQUIREMENTS OF BUSINESS ETHICS

Every decision and action in business should be in total compliance with the legal rules and regulations so these legal laws must be in letter as well as spirit.

The management should be accountable for the decision taken by it. The decision taken should be in accordance with the set and objectives, strategies and policies.
The actions and decisions of the organization should be fair and honest.

An organization should protect and promote the interest of all the stakeholders viz. investors, employees, customers, local community, environment etc.

III. BENEFITS OF BUSINESS ETHICS

Now a days, business organizations experience pressure to comply with ethical standards. Governments regulations, pressure from trade unions, NFOs and media require business organizations to behave ethically. By ensuring ethical conduct the risk of government intervention and legal battles in the law courts shall be minimum.

Implementing change becomes easier with the support of employees. Ensuring ethical conduct helps the management win over the confidence and support of employees, thus enabling easier change management.

An ethical work place offers appropriate career advancement opportunities to the employees. Objective performance appraisals and training programs also contribute to all round development of employees.

Payment of fair wages and provision of better working conditions results in high morale and motivation of employees. This ensures good quality products, increases productivity and reduced error rate. There is a greater alignment between the values and goals of employees and those of the organization. This results in strong team work and higher productivity.

Business ethics help in maintaining a better workplace. The work environment is free from discrimination, harassment and exploitation. This result in lesser disputes with employees and minimum litigation.

The Influence of Ethical Standards and Moral Reasoning in Management

Ethical standards are the principles of business conduct by which the propriety of business activities may be judged in terms of right or wrong. Ethical principles underlies broad social policies and are dictated by society. Ideas of right and wrong are determined largely by custom and environment, by publishing its own standard of conduct in the form of basic principles and rules of action, a business goes on record in their support. Such an action is intended to ensure the confidence of competitors, customers, and all other parties who have an interest in the business.

It is also considered that the business ethics from the point of view of the law only. This approach can be expressed in the statement; “If it is legal, it is ethical.” This is an inadequate and dangerous over simplification. Such an attitude is unlikely to result in boosting up employee morale, the support and confidence of groups. To be effective, sound ethics must be recognized by the top management and reflected in policies of the business firm. The firm’s ethical standards must be such that organization members will conform to these standards voluntarily. In this way, the business can best serve its own interests and those of the society as well.

The moral issue of business is the use of profit. The law circumscribes the choice of businessmen in the use of profit, by trade unionism and by common consent. However, in India the concept of sharing profit has over shadowed the creation of profit itself and that is the main reason for the economic crisis faced by India. When absolute or perfect justice cannot be done, justice must be distributively done. The absolute good is seldom, if ever, attainable in a human world.

Social and ethical aspects of business impinge upon the choice of strategy. How societal values and expectations affect business and how a firm perceives its social and ethical obligations are interactive in character and both of these may become constraints in strategy formation. That how consumerism, occupational health and safety, product safety, concern for environmental protection, nutritional issues, beliefs about ethics and morals and other similar societal based factors impact upon the strategies of the organization do not need much discussion. Adoption of ethical codes by business enterprises will indeed cater a wide variety of benefits on varied sections of the society, viz., customers, employers, organization, industry and society in general.

Following are the some of the instances to achieve the good practices:

- Cigarette manufacturers have reduced the tar and nicotine content of cigarettes.
- Food processors have altered the use of preservatives in food products and have begun to promote nutritional content and “natural” flavors.
- The lending institutions have given up their overly concern with safety or security of money advanced and are now more concentrating on the competence of the entrepreneur and commercial viability of the project.

All these instances demonstrate how business has adapted itself to changing social values and expectations.

Code of Ethics

In the 1930’s Rotary International developed its code of ethics that is still used extensively. Code of ethics have become popular. Industry, associations too have evolved codes of conduct of their own. For fair business practices Tata Group of companies have been adopting the following typical code of conduct separately for the company and for the employees.

Code of Ethics for the Company

- To supply goods and services of the highest quality standards to ensure the total satisfaction of customers.
- To engage only in activities beneficial to the national interest of the country they operate in.
- To be fully transparent in accounting and financial reporting standards.
- To fully strive for the establishment and support of a competitive open market economy and to abhor unfair trade practices.
• To neither give nor take any illegal payment, remuneration, gift, donation or comparable benefit to obtain business or favors.
• To comply with all regulations regarding the preservation of the environment.
• To be a good corporate citizen and to actively assist in the improvement of the quality of life of the community with the objective of making it self-reliant. These social activities are regarded as an integral part of their business plans and not as an optional part.
• To co-operate and share physical, human and management resources with other Tata companies so long as this does not adversely affect its business interests and shareholder value.

Safeguards within the work environment
Top management emphasizing the importance of ethical behavior.
Conduct training programs to employees and work force about the environmental problems.
This this the duty of the management to maintain proper internal control mechanism to find from where they are going to affect the environment

Code of Ethics for the Employees
• Conduct them professionally with professionalism, honesty, integrity as well as high moral and ethical standards and to be fair and transparent and to be seen so by third parties.
• Not derive any benefit from any information about the company or group, which constitutes inside information.
• Report to the management any actual or possible violation of the code or an event that the employee becomes aware of that could affect the business or reputation of the employee’s company or any other Tata Company.
• Permits employees to pursue an active role in civic or political affairs as long as it does not affect the business or interests of the company of the group.

Unethical Practices in India
Before we discuss the unethical practices, it is appropriate to state the seven Sins, according to Mahatma Gandhi, viz.,
• Politics without Principles.
• Wealth without work.
• Pleasure without conscience
• Knowledge without Character
• Science without humanity
• Worship without sacrifice.
The most common unethical practices being following in our country can be grouped in to the following four types;

1. With reference to consumers
• Duplicate products.
• Fake products.
• Harmful products.
• Misleading Advertisement.
• Adulteration.

Ethics in marketing requires satisfying the needs of customers and building a long-term relationship with them. Every organization should frame a code of ethics in marketing. Every executive should satisfy the code of ethics in marketing goods and service. One thing should remember that unethical conduct of even single employee mauls the image of the entire organization. So, every marketing executive should maintain highest degree of ethical standards. When organization behaves ethically, customers develop positive attitude about the organization. Hence the organization build long-term relationship with its customers. It also creates a stream of referral business.

2. With reference to society
• Pollution, Water, Land, Air, (Global Warming)
• Resource depletion.
• Conservation of natural resources.
• Waste management.
• Bribe and circulation of money to buy political support.

It is most important an organization must integrate ecological ethics in its goals.

Environmental issues should be considered while setting up a new unit, development of a new product and factory layout. An organization should conduct research and development in their products in order to improve the eco-friendly technology to use minimum energy. They should maintain the balance between economic growth and environment protection. It is the duty of every organization should reduce the water consumption, maximize the reuse of waste and recycle the waste to creation of new product.

3. With reference to employees
• Exploitation.
• Unsafe and unhygienic working conditions.
• Discriminations in hiring and working conditions.
• Falsifying business records.
• Bribery
• Unfair price while dealing with the suppliers.
• Misleading advertisements.
• Immoral entertainment.
• Delaying supplier and bank payments.
• Sale of fake, spurious, duplicate, defective or hazardous goods.
• Employees being made to sign for more than actually paid.
• Poor working conditions.
• Low Salaries.

All of the above matters are illegal in USA but only few of them or illegal in India. The first thing the government should take initiative to prevent all the above unethical practices. Managers should create and implement standards for expected ethical behavior. Ethical policies, their importance and reasons for formulating them should be explained to the employees.
4. With reference to Government Violating Rules and Laws

This is probably the most common and unfortunately accepted illegal business (Violation of legal rules) in India. Although it’s a known fact that our grocer is mixing unwanted things or adulterant to the food stuffs on his shop, we not only buy them but never question as well. There are number of Food and Drug Administration that regulates laws on food safety and while they are strictly followed by people in foreign countries, the scenario is different in India. The illegal practice is more prevalent in small towns and places where people are ignorant. Every year, more than thousands of people in the country get ill or lose their life because of food adulteration.

It is funny to note that while using a pirated CD/DVD, most of us don’t even realize that it is an illegal act. We are so used to the easy availability of the pirated products that we don’t want to take the hassle of waiting for the genuine CDs and DVDs to arrive the market. There is a major market in India that deals in pirated products and escapes any legal action although it is illegal as per Government norms.

Child Labor

The most dangerous of all illegal businesses is that of child labor. According to Fundamental Rights and the Directive Principles of State Policy in India, it is a punishable act to make children less than 14 years work in factory or mine. But the problem lies in the ignorance of people about this law and continuous harassment of child in different ways.

Government Rules and regulations regarding taxes, duties, restrictive and monopolistic trade practices and unlawful activities like corruption and bribing should be adhered to.

Suggested Ethical Responsibilities of Business

From an ethical point of view, it is suggested that the business must discharge the following responsibilities and obligations towards the society.

- Accept responsibility to the society and its various constituents as a trustee for the goods and services that it produces, consumes, saves and reinvests. Do not deceive or cheat customers by selling sub-standard or defective products by under measurement or by any other means.
- Polluting industries should ensure compliances with the government norms regarding air, water and noise pollutions.
- Setting standards of water consumption and setup a benchmarking for the water resources. Businesses can prevent pollution of fresh water by using recycled of waste water.
- Businesses should use less polluting fuels like CNG.
- Ethical aspects of business extend beyond the business to the lives of the people and the community and as such they should be endeavoring to promote amenities and help create better living conditions.
- Ensure sincerely and accuracy in advertising, labeling and packaging, but do not tarnish the image of competitors by unfair practices.
- Business should not mislead the consumer and community by false, misleading and exaggerated advertisement and do not creating artificial scarcity.
- Organizations should ensure safety of their funds and timely payment of interest.
- Business should ensure payment of fair wages to and fair treatment of employees.
- Business should endeavor to pay fair and reasonable return to themselves for their work and capital contribution.
- Provision of fair opportunities in promotions and training, good working environment and timely payment of salaries.
- Businesses should use renewable source of energy like solar energy, wind energy, and tidal energy.
- Every business should reduce emission of greenhouse gases.
- Plant trees and increase the forest space to reduce the carbon dioxide and forest can help out in absorbing the gasses from the atmosphere.
- Business should adopt and develop a progressive labor policy based on improving the human qualities of labor by education, training, living conditions and providing house facilities, leisure and amenities.
- Unscrupulous tactics, competitors bashing and wrong methods should be avoided while handling competitors.
- Every business should complete information of the service and product should be made available. Personal information of the customers should not be used for personal gain.
- The ethical aspects of business also include a healthy co-operative inter-business relationship between different business and avoidance of such unfair practices as price rigging, undercutting, patronage and so on.
- In order to ensure implementation of the concept of social responsibility and dissemination of adequate information in this regard, a provision should be made in the companies act that every company, along with director’s report, shall also give a social report which will indicate and quantify in as precise and clear terms as possible. The various activities relating to the social and ethical responsibility aspects which have been carried out by the company in the previous year.

IV. CONCLUSION

Managing the business enterprises in an “Ethical” and “Socially responsible” manner is the
primary aim of management. In this process managing the organization in tune with the generally perceived code of ethics in the public interest is considered to be on top priority. It also implies that the firm has to respond positively to emerging societal priorities and balances the interests of various stakeholders. Further, it realizes the importance of being a “good citizen” in the community and makes social and ethical obligations on high-priority for conducting its affairs. Being ethical and socially responsible has a positive appeal. The organization improves its standing in the public which has the effect of enhancing its own performance opportunities. If the firms ignore the changing priorities and expectations of society, the result could be greater public criticism and more onerous regulation by government. The complex task of business is to achieve a balance between high economic performance and high ethical conduct.

REFERENCES


