



## Creating Awareness of Ethical Values in Organisations

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### ABSTRACT

Environmental ethics talks about factors related to not only human beings but also non human beings in the nature. In today's modern world, everything is changing fast, whether it is technology, business systems, environment, market place, external changes (ecology and consumers), the departments of organizations (production, marketing, etc.) All the changes involve certain amount of risk and all the ethical issues revolve around the very basic question, i.e., the risk of such changes and its impact upon environment. The environment gets affected with what we do, it affects plants and animals as they are also considered to be an integral part of the nature and hence they too have a right to live. So, organizations must consider this factor and there has to be an environmental transparency of organizations. The nature should not be destroyed by organizational activities and recognizing this fact is the main concern of writing this paper. Towards environment also, ethics are to be followed called environmental ethics that includes the promotion of the products which reduce waste and use energy more efficiently otherwise the environmental degradation can threaten the entire biosphere. It is necessary to create awareness to the organizations about the environmental laws so that they could use and develop those products that are environment friendly.

**Keywords**--organizations about the environmental laws so that they could use and develop

### I. INTRODUCTION

Environmental ethics talks about factors related to not only human beings but also non human beings in the nature. In today's modern world, everything is changing fast, whether it is technology, business systems, environment, market place, external changes (ecology and consumers), the departments of organizations (production, marketing, etc.) All the changes involve certain amount of risk and all the ethical issues revolve around the very basic question, i.e., the risk of such changes and its impact upon environment. The environment gets affected with what we do, it affects plants and animals as they are also considered

to be an integral part of the nature and hence they too have a right to live. So, organizations must consider this factor and there has to be an environmental transparency of organizations. The nature should not be destroyed by organizational activities and recognizing this fact is the main concern of writing this paper.

The primary aim of any business must be to encourage and restore the culture of ethical values in business practices including awareness regarding new environmental ethics.

There is a need to find out the amount of risk damaging the environment? Are the risks predictable? Are they going to affect the environment or are they reversible? Are the benefits worth the potential benefits without harming the environment? Is such kind of change is ethical? According to Kenneth R. Andrews, in "Ethics in Practice" contends that there are three aspects to ethical behavior in the organization: the development of an individual as an ethical person, the effect of the organization as an ethical or unethical environment and the actions or procedures developed by the organizations to encourage ethical behavior and discourage unethical behavior.

### II. OBJECTIVES OF THE STUDY

The main objective of the paper is stated as follows:

- 1) To study the concept of ethics and ethical values of business
- 2) To find basic ethical principles to follow in business
- 3) To create awareness about corporate social responsibility and environmental ethics of the firm

### III. CONCEPT OF VALUE AND ETHICS

Values are those set of principles which ought to be followed in day to day dealings. The values are important to an individual or an organization that helps to enhance the quality of individual and collective life. Value

refers to intrinsic worth or goodness. They are the beliefs that are responsible for individual actions and also a belief about what is right or wrong. Basically, values lay down a standard against which the behavior of an individual is judged.

Ethics is based on one's moral standards or the moral standard of the society. These standards are examined to determine whether these standards are reasonable or unreasonable in order to apply them to a particular concrete situations and issues. Values are determined by what is right and wrong and doing what is right or wrong is what we meant by ethics. If one is behaving in an ethical manner, it means that he is consistent with what is right or moral. The study and examination of moral and social responsibility in relation to business practice and decision making in business is known as business ethics.

#### IV. ETHICAL VALUES – BUSINESS ORGANIZATIONS

Ethical values of the business are the set of principles that businessman ought to follow and on the basis of certain self recognized moral standards, business should be conducted. Business ethics concentrate on moral standards as they apply to business policies, institutions and behavior.

The basic issues that business ethics investigates are:

- a) Systematic issues that deals with morality of laws, regulations, industrial structures and social practices within which business operate.
- b) Corporate issues deals with the morality of the activities, policies, practices or organizational structure of an individual company taken as a whole.
- C) Individual issues are related with a particular individual and related about the morality of the decisions, actions or character of an individual.

One should recognize a fact that failure in business ethics is a real threat to the failure of every corporation and it has a greater impact on business in such a way that if it is not followed properly, it can destroy the whole business. Few unethical elements in a present day business are cheating, stealing, bribing, corrupting etc. The various causes of unethical behavior in business are:

- Complexity of strategic issues
- Lack of perspective and training to address complex social problems
- Lack of resources and competition for scarce resources
- Conflicting loyalties
- Corporate scandals

#### V. REVIEW OF LITERATURE

Plinio, Young, and Lavery (2010), the basic

problem facing organizations today is impoverished ethical behavior and nonexistent ethical leadership.

Sennett, (1998), The ethics of human resource management (HRM) covers those ethical issues arising around the employer-employee relationship.

(Dessler, 2000 et.al), In human resource management the problems that are related with ethics include the rights and duties owed between employer and employee.

(Broni, 2010) Business ethics is a form of applied ethics that examines ethical principles and moral or ethical problems that arise in a business environment.

Conger - Kanungo, (1998) Corporate policy should state clearly, Illegal actions in any form will not be condoned or tolerated by the company Darcy (2010) confirms that the current climate of organizations is skeptical regarding ethics.

Skovira and Harmon (2006) developed the idea of ethical ecology within organizations. The authors define this concept as the moral landscape or ethical environment in which leaders operate.

Ethics develop standards by which a leader can judge the effects different behavior have on one another (Hickman, 1998).

The pressure for CSR is increasing (Waddock, 2004) *Sachar Committee Reports (1979)* In this contemporary era, it has also been found that companies are also required to keep an eye on *sustainable development* which has been a core part of protecting our mother environment. The company must accept its obligation to be socially responsible and to work for the larger benefit of the community.

Castronova (2006) CSR is a corporate act of giving back to the immediate and wider community in which organization carry out their business in a manner that is meaningful and valuable and relevant to the community. It's a way for the communities to reach out to their host communities by positively responding to them. It's the way of saying 'thank you' to the environment in which they work and operate and a way of also showing a sense of belonging to the society at large. Social responsibility refers to the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society (Bowen, 1978).

The fundamental idea of corporate social responsibility that business corporations have an obligation to work for social betterment (Frederick, 1986)

#### VI. BASIC PRINCIPLES OF ETHICS TO BE FOLLOWED

As we are living in a society, so as business organizations, we cannot ignore the responsibility towards the society and environment is a part of it. The environment needs to be protected, free from pollution. The

basic ethical principles and standards that one should follow in business are:

- Acceptable code of conduct in a business must be defined clearly i.e. business should be conducted according to certain self recognized moral standards.
- Ethical decision making
- Ecological balance, a main concern in today's time, in the society that must be maintained by the business houses through the awareness of the ethics in the business and should follow them also.
- The various environmental ethical decisions that human beings make with respect to the environment must include decisions as to:
  - Deforestation for the sake of human and non human beings
  - Following environmental obligations for future generations
  - Causing extinction of a species for the convenience of humanity
  - Conserving the space environment to secure and expand life
  - Control over human activities causing environmental pollution such as various construction activities of roads and buildings, air pollution due to buses, cars etc due to over population.
  - Ethics serves as a guide to moral daily living and helps us judge whether our behavior is justified or not
  - Ethics examines human conduct and its purpose is to make human beings good and great.

## VII. CREATING AWARENESS REGARDING CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL ETHICS OF ORGANIZATIONS

Corporate social responsibility is a model to have a control over companies on its own. The evolution of corporate social responsibility in India refers to changes over time in India of the cultural norms of corporations engagement of corporate social

responsibility (CSR), with CSR is responsible for bringing out an overall impact which has to be positive on the communities, cultures, societies and environments in which they operate. The fundamentals of CSR rest on the fact that not only public policy but even corporate should be responsible enough to address social issues. The Companies Act, 2013, enacted on 29 August 2013, aims to improve corporate governance, simplify regulations, enhances the interests of minority investors. The businesses has to ensure that its directors, managers and employees behave ethically and for that business must implement a code of practice and particularly covering the following major areas:

**A) Corporate Social Responsibility (CSR) and its various dimensions**

**B) Ethical decision making in business**

**A) Corporate Social Responsibility (CSR) -** CSR is concerned with treating the stakeholders of the firms ethically or in a responsible manner. The wider aim of social responsibility is to create higher and higher standards of living. CSR is about giving back to the society. A firm can express its responsibility to the society by reacting in either or both of the following two ways: **a)** the manner in which it carries out its own business activities by managing the quality of the management, which includes both, the people and the process and **b)** The manner in which the welfare activities it takes upon itself as an additional function in which they have to manage the nature and quantity of their activities and its impact on the society in the various areas such as environment, community, etc.

### **CSR AND ENVIRONMENT**

Business is a part of broad environment and cannot ignore its impact on various elements of the environment. Our modern view of the society is the ecological one. Ecology is concerned with the mutual relations of human populations or systems within their environment. Business cannot isolate itself from the rest of the society. The ultimate aim of CSR is to align as nearly as possible the interests of individuals, corporations and society.

Under the New Companies Act 2013, the Ministry of Corporate Affairs has issued the final rules that would apply to companies, commencing 1st April 2014. India's CSR requirement has made India the first country in the world to mandate that qualifying companies contribute at least 2 percent of their average net profits from the preceding three years to CSR. According to the provisions outlined in the new Companies Act: 135. (1) Every company having a net worth of rupees five hundred crore or more [Rs50 million or US\$830,000], or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

The provisions apply to any company incorporated in India, regardless of whether it is domestic or a subsidiary of a foreign company. In addition to the Rs50 million net profit qualification mentioned above, the provisions apply to companies with a turnover of at least Rs10 billion (US\$160 million) or net worth of Rs5 billion (US\$83 million). With these requirements, an estimated 8,000 companies operating in India will be required to spend a combined Rs150 billion (US\$2 billion) annually on

CSR activities.

The CSR committee or board is responsible for reviewing, approving, and validating investments in CSR. A report must be submitted prior to the committee's annual meeting that details CSR initiatives undertaken during the previous financial year and justifying any failure to meet the required contribution amount (justifiable reasons have not yet been specified).

(Source:<http://www.india-briefing.com/news/indias-corporate-social-responsibility-mandate-companies-act-2013-8057.html/#sthash.OYHFDSoo.dpuf>)

The dimensions of CSR deal with those business activities that promote the quality of social life. The business organization is responsible for:

**Community-** Firms have various responsibilities towards the community, out of which, environment is a serious concern that cannot be ignore. The reasons are global warming (emissions of carbon-dioxide and other gases from the industry, cut down of trees and intensive farming), legal environmental dimensions and demand for green products as a health conscious measure. The increasing pressures on firms to be more environmentally responsible has led to increasing interest in environmental audits and standardized environmental management systems, with the objective of achieving fixed environmental yardsticks, and greater transparency. The companies must have a corporate environmental policy having standards and principles to reduce bad environmental impact and to comply with all the laws relating with environment, the companies may go for environmental audit also to check the resources that have been utilized in production and the emissions generated from it. Also, companies may think of procuring raw materials from suppliers that is environmental friendly and can also engage themselves in producing environment friendly product for the community.

**Environment-**Environment can be defined as ' a dynamic and evolving system of natural and human factors in which all living organisms operate or human activities takes place, and what has a direct or indirect effect or influence on human actions at a given time in a circumscribed area. The main aim of corporate social responsibility towards environment is to adopt those techniques and methods of manufacturing products that reduces or eliminates the impact of corporate houses on environment. The impact of corporate on environment includes accidents, water pollution, consumption of natural resources, noise pollution, soil damage, atmospheric emissions, generation of hazardous waste.

Environmental ethics aim to provide ethical guidelines governing humanity's relationship with nature. A green firm will adopt resource conservation and environment friendly strategies at all stages of the value chain. A careful attention must be paid to ensure that corporate entity's action does not damage the environment. Issues such as climate change, bio diversity and pollution prevention are central to this. Business firms must confirm to the pollution standard and provide a clean and healthy environment to the community at large. They must create pollution free policies and maintain ecological balance. A

proper environment strategy has to be created by the organizations such as use of environmental friendly techniques, less use of machines, control on emission of gases which causes air pollution and spreading environmental awareness. The other ethical considerations that business must follow are:

- Business operations efficiency must be improved
- Resources must be utilized optimally
- Investment in research and development with a view to improve the standard of living of the society
- Must provide urban and rural development assistance
- Creation of employment opportunities in the society
- To develop alternative resources thereby preventing current resources being used from exhaustion
- Conduct social programs like career counseling and provide for career opportunities
- Must not indulge in unfair practices like hoarding, speculation and adulteration. Business firms should confirm to business ethics and socially acceptable code of conduct.

## VIII. LAWS FOR THE PROTECTION OF THE ENVIRONMENT

Under sec 16 of Environmental Protection Act, 1986

(1) Where any offence under this Act has been committed by a company, every person who, at the time the offence was committed, was directly in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also

deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

### IX. NATIONAL GREEN TRIBUNAL (NGT) ACT, 2010- OBJECTIVE AND RATIONALE

The National Green Tribunal has been established on 18.10.2010 under the National Green Tribunal Act 2010 for effective and expeditious disposal of cases relating to environmental protection and conservation of forests and other natural resources including enforcement of any legal right relating to environment and giving relief and compensation for damages to persons and property and for matters connected therewith or incidental thereto. It is a specialized body equipped with the necessary expertise to handle environmental disputes involving multi-disciplinary issues. The rationale behind NGT Act, 2010 is

- Increasing complexity of environmental litigation
- Frequent need to seek assistance of environmental experts
- Mounting pendency in courts
- Lack of dedicated jurisdiction
- Rigidity of existing court procedures to deal with environmental cases
- Non-enforcement of NET Act, 1995
- To maintain proper balance between sustainable development & environmental regulations.
- Access to Justice

Source: <http://www.greentribunal.gov.in/>

### X. CONCLUSION

The fact is that environment cannot be ignored as we all are part of it; it is our responsibility also to protect the environment. Corporate sector needs to be aware of the environmental laws and what is good and bad for the society. The kind of raw material being used by them is polluting the environment or not, they have to see. The environmental ethics must be followed and they must engage themselves in the production of those goods that are environmental friendly and not causing any damage to the environment. Ethics are one's moral standards and the moral standards of the society and doing what is wrong or right is ethics. Acceptable code of conduct in a business must be defined clearly and ecological balance, a main concern in today's time, in the society that must be maintained by the business houses. The various environmental ethical decisions that human beings make with respect to the environment must include decisions as to deforestation for the sake of human and non human beings, following environmental obligations for future generations, control over human activities causing environmental pollution such as various construction

activities of roads and buildings, air pollution due to buses, cars etc due to over population. A society consists of people who have common ends and whose activities are organized by a system of institutions designed to achieve these ends. These institutions use certain code of conduct to be followed. These codes of conduct are ethics. Business ethics are moral standards to be applied to the systems and organization. Ethics is concerned with both internal and external human behavior. It is a sign of healthy civilization. Corporate Social Responsibility (CSR) is a part of business ethics that believes in giving back to the society in some or the other form that will help the organization in its long run survival, making profits, doing social and moral commitment and improvement in public image. Towards environment also, ethics are to be followed called environmental ethics that includes the promotion of the products which reduce waste and use energy more efficiently otherwise the environmental degradation can threaten the entire biosphere. Such a change calls for a radical change in attitudes amongst commercial firms towards the environment; it can no longer be business as usual. And this type of change is to be incorporated in the organization culture comprising of various elements such as knowledge, behavior and values. Corporate culture is a fundamental ingredient in institutionalizing ethics in the organizations. Various laws such as Environmental Protection Act, 1986, National Green Tribunal Act, 2010 have been formed for the effective and expeditious disposal of cases relating to environmental protection and conservation of forests and other natural resources.

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