

RELEVANCE OF ETHICS IN BUSINESS

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ABSTRACT

Studies on 'Ethics' is picking up a pragmatic approach in India. Many researches have been focusing on different themes of ethics. Nowadays, even Ethics has been linked with different fields of human life and relations like ethics in business organization, ethics at work place, ethics in religion, ethics in human relations, ethics in literature, ethical communication in business organisations, ethics in Arts (drama, music, movies etc), ethics in corporate governance, ethics in education or ethics in every possible contingency where there would be possibility to study the theme on the basis of human values (ethics). In the twenty first century, where there are various social, economical, political, infrastructural, industrial and other modern development where everyone wants to leapfrog by hook or crook, here the study of 'ethics' aims for bridging the gap between social responsibility and one's own idiosyncrasy.

In today's business scenario, where there is much need of corporate governance, there are scandals, cheating, favoury, being unfaithful, forgery, pilferage etc are rampant and everyone has become a victim of any type of corruption. This corruption is not necessary of money but of mind. The current paper will seep into the latent issues happening in various private as well as public entities and will also judge the same on the basis of ethical vlaues. In addition, it will give us an overview about possible solutions or discussions about the solutions. The implications of the same will influence the psychology which might not curb the issues but atleast will make the professional conscious enough about the acts and consequences of it.

Key words: pragmatic, ethics, corporate governance, forgery, pilferage, favoury, corruption, ethical values

I must confess that I do not draw a sharp or any distinction between economics and ethics. Economics that hurt the moral well-being of an individual or a nation are immoral and, therefore, sinful. Thus the economics that permit one country to prey upon another are immoral. It is sinful to buy and use articles made by sweated labour.

(Gandhiji, Young India, 13-10-1921, p. 325)

INTRODUCTION

The etymological study of the term ‘ethics’ describes it as the collections of moral principles or rules of behaviour that control or influence a person’s behaviour. Theoretically ethics are moral guidelines which govern good behaviour amongst humans and ethical behaviour is what known as righteous practise or doing things that is morally right. The genesis of the term belongs to Greek word ‘ethikos’ which means one’s moral character and the way in which society anticipates people to behave in accordance with certain standard accepted principles. ‘Management Ethics’ is a concept closely related to the concept of social responsiveness of a firm. It is basically “the discipline of dealing with what is good and bad, or right or wrong or with moral duty and obligation.” Ethics is a department of philosophy which consists of general principles which help to determine rules of conduct. Ethics shows how a person should behave or act in a given situation or circumstances. Ethics mainly talks about one’s moral behaviour that is to say whether what is right or wrong.

When we talk about business we have to often use the term moral virtues in order to understand ethics in business context. This moral virtue consists of obedience to authority, whether that of the higher authority, the government, or any customs. A person/executive who is able to keep all the virtues is known as loyal and virtuous while who fails is known as wicked or bad. Hence this means that in regard to moral virtues, a person should be able to act or behave in certain ways, regardless of any consequences, which is known as code of conduct. The major role in the process of dealing with other people and especially handling ethical procedure is one’s conscience. One often feels guilt-conscience after doing any contradictory activity. This conscience governs one’s mind and pushes him or her to do the act, or says what is right or wrong. The negligence of conscience brings calamity in someone’s life. But it should be noted that how person’s conscience changes from age to age. Due to modernisation and available avenues for personal grooming one has started suppressing one’s conscience and changing one’s ethical principles. In business organisation, when one does any cheating, he/she must have compromised his/her conscience invariably. It is here the study of ethics in business organization is worthwhile to do. It is noted that every businessman knows about the fact that any cheater, pilferage, phishing, forgery or

corruption is unethical but then this is the case everywhere. It seems that it is a high time now to take recourse for business ethics and formulate certain code of conducts for the businesses. Now the question is, how much and in what ways people are following this code of conduct? And if not then what are the reasons behind it? Why ethics are imagined in the context of abstract image only and not in implementation mode? Why people act with their own idiosyncrasy? Is it the reason that there is no any controlling body or we have got enough liberty to work in our own way? What are the causes and consequences of such unethical activities? Many questions are rising when we think about ethics in business organisation.

ETHICS AND ITS THEORETICAL CONSIDERATIONS

Money, power and lust have always been in the conflict with ethics. Ethics teaches about the values and morality while the formers (money, power & lust) teach about the wealth and material happiness. If there is purity in human life in dealing with everything then there will be everything ethical and less struggle with one's own conscience. Morality talks about the welfare for all in terms of preserving moral ethics and values. If humans consider the world in one and universal then there should not be 'mine' and 'yours' but rather 'us'. The concept of *Advaita* morality is the same which says of having little personalised self and becoming 'people' oriented being, more giving and preserving values of others. The basic root cause of any misery, jealousy and unethical affiliations is lust, the lust of all desires. The study of ethics on the morality grounds can be divided into three parts:

- Humanitarian and not utilitarian
- Non-dualism
- Ethics for deconstruction

Firstly, humanitarian theory talks about service to others which is non-self and less selfish. The concept of universality aims for giving within the periphery of human interest which is aimed for divine service. Utilitarian aims for, vice-versa, acquiring the satisfaction out of objects within the personal interest and gain. It leads to several subjective choices for human beings to lead a wealthy life for the family or planned for fewer people and not for all. The centre for humanitarian notion is realizing oneness with the universe through ethical grounds while utilitarian depicts the process of transition from one's ego to self-achievement. Love for one-self leads towards biasness and prejudice for others. One of the biggest problems nowadays is that people feel needy, greedy and lack for all the materialistic accumulations and not content with the existing objects. This often leads people towards acting unethical tasks which lead to various social issues. Even Swami Vivekananda says on ethics, '*Do not injure others, love everyone as your own self because the whole Universe is One.*'

Secondly, the theory of 'non-dualism' expresses that there are two opposite principles in everything like good and evil. This having two parts in concept states the contradiction

between two elements; one favours morality while other immorality. Ethical issues often involve the study of two points in considering one object. Here the one is considered to be the loyal and healthy part of human life while other the result of one's own selfish motive in acquiring object. Non-dualism is the essential part of one's existence as it directs one towards getting love for the other. The objective of social ethics in fact has a fair foundation in non-dualism which aims for uniting one and less being selfish. Every desire has two sides for its achievement. For example, the sheer help of a lawyer for his clients has one desire of helping or resolving issue in which his/her clients has been struck upon while the second would be for monetary gain which his profession aims for desperately. Here non-dualism structure forms a foundation where there are no two view-points but all it aims for human's final satisfaction and identity. Here to achieve the task one has to be ethical and loyal towards his/her service. There should not be any selfish motive behind the task which is the serious concern in every business organization.

Thirdly, the ethics of deconstruction (Derrida 1967, *'Of Grammatology'*) proposes that all the objects/concepts have its binary opposition which are used in the construction of thoughts or values. Here this binary opposition, which is a pair of related terms or concepts, describes two terms in terms of getting meaning of a word or concept. The meaning of any concept is not in the meaning itself but in its binary opposition. For example we cannot understand 'king' without comprehending 'servants or courtiers', 'mind' without 'stomach', 'thief' without 'cop' in the same way 'ethics' without 'anti-ethics or unethical'. Ethics of deconstruction talks about the non-structure of an element. If the study talks about the ethics and human values then it is necessary to first discuss about its binary meanings and activities of unethical values in the relation of ethical activities. The centre of ethics is in the available options where human gets convinced and motivated enough to go against their conscience and commit sin of going against ethics. The meaning of ethics of deconstruction here is that human should study the implications of going against ethics and bad result left in the society for such antic acts.

ETHICS AND MORALITY:

When we talk about ethics and morality, we should note that morality and ethics both are different in its own way. Morality talks about the principles concerning with what is right and wrong, good and evil/bad, while ethics is related with one's moral principles which control or influence a person's mind or behaviour. Though both the term are used synonymously in more or less similar context. Both talk about a person's behaviour or moral conduct. Our predecessors laid down certain code of conduct which is necessary for all human practices and behaviour whether a person live the life in private or public domain.

The modern century has witnessed a vast change in terms of human convenience. People have become more and more self-centric, detached from social responsibilities, egoistic and

materialistic enough which have caused various ethics related issues. Everyone is becoming a victim of corruption. No one has substantial care for one's own impression but they are busy in the hordes of accumulating wealth and power. In the country like India where there is variety in living and enjoyment, people have become rather more materialistic. Only one reason which dominates their psychology is lust/desire. Everyone is becoming a victim of this lust. In every department we find people in kickback process, personal favour, forgery, cheating somebody for one's own selfish interest etc. In the corporate field the common ethics related issues within the organization itself is about increment, promotion, favoury problems, forgery, pilferage, humiliation, feeling of left outs, hierarchical problems etc. There are various instances that some personnel take the pencils, print outs, making phone-calls from the office land-lines and even take other stationary materials from the office itself. Here the question of ethics arises as whether how much ethical such activities are? Some employees believe that its fine atleast they are not doing bigger crime or doing some serious corruption. Ethics do not question about the petty crimes or misdemeanour but being morally cohesive. But unfortunately every field has got the stain of this corruption. Dignity has been replaced by manipulation, generosity with shrewdness, humbleness with diplomacy and transparency with materialistic expressions.

SCIENCE AND TECHNOLOGY TRANSFORMING HUMAN LIFE IN TERMS OF MATERIAL GAINS:

From the past two centuries, India has witnessed a great change in science and technology. There is no doubt to say that it has envisioned a great relief for the majority of the human workers but along it has brought the limitation in its own way. Gandhiji in '*Hind Swaraj*', which he has written in his return voyage from London to South Africa in 1908, in answer to the Indian school of violence, believes that,

"Formerly men were made slaves under physical compulsion. Now they are enslaved by temptation of money and of the luxuries that money can buy."

(Hind Swaraj, Pg no. 32)

He even said,

"...immorality is often taught in the name of morality."

(Hind Swaraj, Pg no. 32)

Gandhiji believes that Western civilization is against the human ethics as it is full of greed and materialistic gain. It leads people to worship money only and prevents them from finding peace or cultivating the best within them. Civilization in the western sense means hell for the weak and working class people. It saps the vitality of the race. But this Satanic civilization will destroy itself according to Gandhiji. Western civilization is India's real enemy. Here Gandhiji is not against modern developments but against the doom-fall it has brought amongst every individuals.

Sometimes it feels odd that our public leaders, educationists, public administrators, bureaucrats, saints and politicians to whom we trust a lot often cheat us by giving false

promise. It is note-worthy that political parties are often blamed and accused of corruption. This rampant uncontrollable disease should be curbed on ethical ground.

BUSINESS AND ETHICS

Ethics are the pillars for any organisation. The way reason is the key element for the science, ethics lays down the code of conduct in which everyone is supposed to work and behave. Ultimately to create wealth for the society is the objective of any business. Any business aims for developing certain ethical principles to make the organisation solid and work better and those are:

- To create a transparent work environment, this facilitates everyone to work with dedication and honesty.
- To motivate them to work with consistency.
- To boost their morale by giving them ample opportunity for their professional development and maintaining harmony amongst each other.
- Giving them chance to enhance their physical, emotional, mental, intellectual and pragmatic values which will help them to grow in all round way and to make organisation healthier.
- Showing empathy for the employees to resolve the work life pressure and tension which often cause serious problem for someone's life.
- Create a work-life balance for the employees with the higher authorities and by giving chance to start upward and downward communication to make the internal communication better.
- To initiate training and motivational development which helps the employees to indulge ethically into external communication and deal with utmost transparency and sincerity with the clients.

The ethical topic of studying *ethics* itself seems to be perplexing as it directs us to the utopian world which is far behind the human grasp or no one wants to grasp it. There are various scandals, cheating, favoury, being unfaithful, forgery, pilferage are very much rampant in any commercial sectors as the main objective of any commercial organisation is to make profit and profit leads towards gaining capital control by applying various malpractices. The main cause of all such malpractices is lust, greed for money. In this sense the question is what is the aim of a business organisation? If the answer is to gain profit or money then the essence itself is unethical as the desire for money is greed and all the practices done on the basis of greed leads towards achieving unethical outcome. For example, if a salesman gives complimentary gift to the higher authority of any company with a view to make a business deal then the same act, if evaluated on the ground of ethics, would be known as a *bribe*. Now the first step of any business deal begins with a bribe then the transparency in the ethical business relations would never be maintained.

INDIAN PHILOSOPHY AND MANAGING BUSINESS

We need timeless principles to steer by in running our organizations and building our personal careers. We need high standards....the ethics of excellence (Price Pritchett). The model of every management should be on the basis of moral principles and on the laid foundations of the spiritual thinkers. Promoting authenticity in the organization should be the prime goal for any business entity.

Ancient India is rich with ethical philosophy and questions lain on human's moral principles like "How ought I to live?" "What kind of person should I be?" "What are the sources of good conduct?" "What is the purpose of human existence?" Greek ethical thought also places emphasis on community values, virtue-ethics, and philosophy as a way of life that offers many parallels to classical Indian thought. According to Indian principles there are six pillars of one's character viz.

<i>Trustworthiness</i>	<i>Responsibility</i>	<i>Caring</i>
<i>Respect</i>	<i>Fairness</i>	<i>Citizenship</i>

Today, every Indian enterprise needs such principles to be imbibed as science and technology has brought irreparable damage to the economic growth due to globalized greed. This economic growth has surely brought India to the larger scale in front of other developed countries but the common values are often compromised in every sector due to this development. It should be tried to curb the chain of corruption of human mind by laying the foundation of spirituality with ethical principles. According to Indian philosophy there are four goals of life that human fulfils throughout his/her life.

1. **Dharma:** moral code of conduct, rightful action;
2. **Artha:** economic pursuits for self-sufficiency;
3. **Kama:** satisfaction of desires (physical or other); and
4. **Moksha:** total liberation, release from delusion

From the management point of view *dharma* and *artha* plays a major role in fulfilling the needs of any enterprise. *Dharma* talks about the urge to grow while *artha* (purushsarthas) discusses economic independence. *Kama* is the principle of lawful desire. It should not be exceeded and become an obsession which leads to the catastrophe. *Kama* and *artha* along with the dutiful and responsible act (*dharma*) should be acted in spiritual way so as to bring transparency in the work organization. The models of management in the Indian context depicts that human principles should be act accordingly to achieve the objective of the company with utmost satisfaction and by implying ethics into the acts. The ultimate aim should be the welfare of the humanity. Society should be benefitted by the sheer vulnerable practises of management.

ETHICAL ISSUES IN THE BUSINESS ORGANIZATION

Every higher organization craves for forming its loyal corporate identity. 'Corporate identity is the value of one's vision, purpose, values, ethical stance and leadership as it contributes to brand equity and economic success in business relationships'. It is the group of features with

its values and beliefs with which the company or organization identifies and differentiates from the rest. It has been tried in any smaller, higher or medium level organization to maintain the managerial performance smooth. There are tentative five elements which forms managerial performance: goals, perceptions, actions, disturbances and controlled conditions.

The current prevailing ethical issues are hard to solve, define and tackle. It mostly deals with company's internal and external relations. Some common internal complications are salary related issues, favoury, oppression, marginalisation, cheater, longer working hours, managerial pressure, fear of deadlines, increments, pressure for high performance, spoonism, special attention, attitude conflicts, superiority/inferiority complex, labour dissatisfaction etc. All are related with HRM related issues which should be sorted out. External issues are with that of dealing with transparency with clients, betraying trusts, fudging, bribery, hard-core marketing, kick-back, competing by hook-or-crook or any act which is done in order to gain the interest of any prospective client/company with that of the main one.

In the internal dealings with employees one thing should be noted is that employees are even humans and hence have their responsibilities, families, bills to pay, children and other societal expectations hence it should be the duty of managers to understand their conditions and behave accordingly. One of the most common issues nowadays prevails in every organisations is that of the treatment of the employees. Authorities should be careful in using their despotic power. Many of the failures could be avoided had the companies first thought about its impact of their actions. If company is willing to downsize the large number of people, the first ethical thought for any company must be to avoid it but if it is unavoidable it should be tried to make a blow softer and not heart-taking. Employees should be persuaded ethically about company's decisions and complications and then with motivation and assurance the act should be done.

Financial difficulties is again one of the biggest hurdles. Before deciding how to cut costs to deal effectively with financial difficulties it should be tried to ponder about company's ethics and values first and then decisions should be taken. Company's every decision should be taken in human welfare and not just company welfare. Every managers before treating employees with cruelty should ask question to himself that "How would I like if would I be treated in the same way?" Every manager must tackle ethical issues in the most judicious way. Some of them are:

1. The decisions can be altered in the interests of employees. Managers should try to maintain the balance amongst his decisions for employees.
2. Some ethical issues may have mixed results. Considering only social aspect may not work for the organisation. Social and economical stand should be thus taken carefully by every manager.
3. All the ethical considerations do not have positive results. Thus a balanced manager should try to create a harmony with company's objectives and employees' interest.

4. Ethical issues may also cost manager's personal lives had the decisions taken in opposition of company's rules and regulation. Hence the manager is expected to use critical thinking and problem solving power. He/she should not mix up personal and organizational values.

It is thus necessary to understand those ethical issues and devising remedial activities to curb such ethical issues. A general survey conducted by *Barry and Warren Schmid* highlights the following ethical activities observed by business managers:

1. The foremost goal of managers is to make their organizations effective.
2. Profit maximization and stakeholders' interest is not the central goal of the managers.
3. Attending to customers was seen as important.
4. Integrity was the characteristic most highly rated by managers at all levels.
5. Pressure to conform to organizational standard was seen as high.
6. Spouses are important in helping their mates grapple with ethical dilemmas.
7. Most managers seek the advice of others in handling ethical dilemmas.

BUSINESS ETHICS AND THE CORPORATE GOVERNANCE

It is beneficial to discuss business ethics in the context of corporate governance nowadays. One can say that the formalisation of business ethics leads to corporate governance. There are various instances of business failures which are happening on account of unethical business practices having wider repercussions on all the stakeholders of business. Here one cannot undermine the need for corporate governance which is the primary solution anticipated by many entrepreneurs. The study of corporate governance gained a vast importance in 1990 to improve the effectiveness of corporate enterprises. The main objective of corporate governance is to formulate ethical economic and business policies. It attempts to eradicate the organisational failures and dissatisfaction among its stakeholders. In the modern time of globalisation where larger corporations (MNCs) are formulated and staging on global platform, it has become imperative to operate and control the overall functionality of an enterprise. Corporate governance aims to achieve balance between all the interests present in corporations: management, shareholders and other stakeholders. It improves capital efficiency of companies and attempts to distribute their wealth in productive areas of the economy. All the activities under the corporate governance should be expected to be done with ethics. "Corporate governance is about promoting corporate fairness, transparency and accountability."

_ J. Wolfensohn

OBJECTIVES OF CORPORATE GOVERNANCE

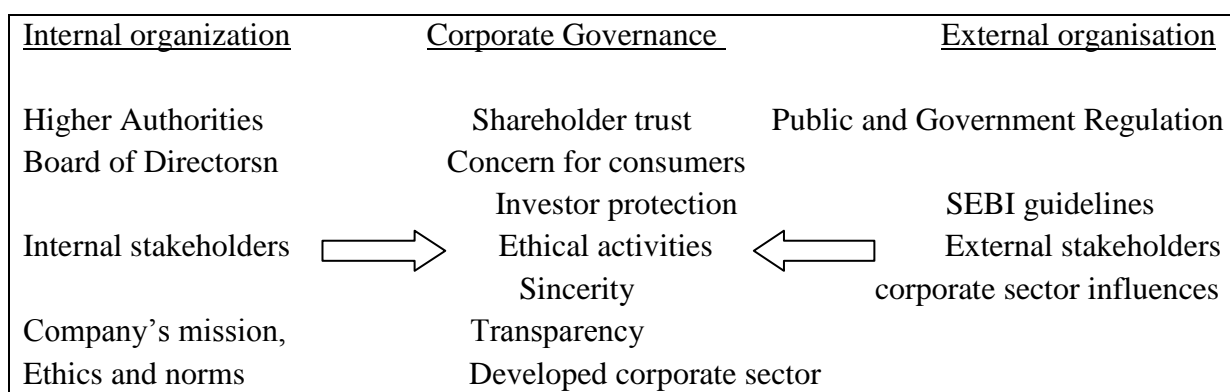
Corporate governance would have the following objectives:

1. To align corporate goals with goals of its stakeholders (society, shareholders etc.)
2. To strengthen corporate functioning and discourage mismanagement.

3. To achieve corporate goals by making investments in profitable investment outlets.
4. To specify responsibility of the board of directors and managers in order to ensure good corporate performance.

(Source: Dr. Neeru Vasishth, Dr. namita Rajput. Business Ethics and Values. 2nd. New-Delhi: Taxmann’s, 2009.)

There are various groups towards whom business organisations are responsible are: shareholders, employees, customers/consumers, community, organisations, government.



REINFORCING ETHICAL BUSINESS VALUES

It has become indispensable nowadays to reinforce ethical practices in business environment by not enforcing rules and regulation but by mutually understanding the role of individual in the business context and making organisation work better. Government and other public bodies can imply certain rules so as to maintain corporate governance. Those are:

1. There should be consideration for the employees’ rights and welfare in the organisation and a periodical assessment on the basis of this should be done.
2. Rather than forcing them to follow some rules it should be tried to bring more transparency in the business organisation. Human satisfaction is more necessary than the satisfaction of company’s norms.
3. The human follies of greed, lust, favoury, materialism which is now converted into the negative feeling of superiority, high and low position, making them to do tough competition, showing apathy, oppression, marginalisation etc. should be subsided and sincerity, humbleness, generosity, transparency, empathy, leadership, team-integration should be encouraged.
4. Manager’s role from ruling party or commanderor autocrat it should be facilitator, guide, motivator or helper.
5. Many times the services of some commercial organization are not taken into consideration well in terms of contribution to the society. Some leaders believe that every time sheer commercial act is not commercial oriented, it is also done for the right to contribute in the society.

CONCLUSION

To sum up, it can be said that the modern revolution in terms of development in every field has its own benefits and limitations. When the development is only related with business and its processes the thing is fine but when it comes to society and welfare of people the holistic approach of business towards societal development should be made. It is here the need for ethical practices come. Every person, apart from being an employee, is a human first and then a professional. In today's scenario the need for a person's grooming is required along with one's essential principles. A person who has all the managerial qualities but does not have ethical principles is considered as an incomplete man. Ultimately every task which is done considering any sector is done for the humanity and thus the principles of morality and ethics should be implied to make the foundation stronger. *Billy Graham* has rightly said that "The time has come for all evangelists to practice full financial disclosure. The world is watching how we walk and how we talk. We must have the highest standards of morality, ethics and integrity if we are to continue to have influence."

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