

BUSINESS ETHICS - VALUES IN PREACHING AND PRACTICE

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ABSTRACT

What are “right” and “proper” and “just”? These terms, and these questions are going to become more important in the future as our society becomes more crowded, our economy more competitive and our technology more complex. These terms are going to become particularly important for the business executive, whose decision can affect so many people in ways that are outside their own control.

The ethics of management - the determination of what is “right” and “proper” and “just” and the decisions and actions that affect other people- goes far beyond simple questions of bribery, theft and collusion. It focuses on what are our relationships with our employees, customers, shareholders and society etc.

Moral standards are different among individuals as the value systems are different. No one can say with certainty that the specific moral standard expresses the obligation to others and not just benefit ourselves. Ethical problems are thus managerial dilemmas as they represent a conflict between an organization’s economic performance and its social obligation. Moral beliefs differ among individuals because of their different family background, cultural heritage, educational experience and other factors.

INTRODUCTION – TRADITIONAL AND MODERN VIEWS

Ethics is a way of being human. If early men and women had not identified their own welfare with that of others, they could not have survived and developed. From the beginning, human beings have been puzzled with moral questions: "What should we do? What should we not do?" and they struggled to develop a system that produced the greatest good for the individual and for the group.

Even the earliest people realized that there was danger of extinction if violent acts were not curtailed, if pilfering went unconstrained, if no one could count on anyone else to exercise the "right" behavior. Over time, codes of conduct were developed to ensure survival. These codes included the nurturing of children, forming of family and tribal units, and hunting rituals. Thus, a system of acceptable behavior was formed.

"In a general sense, ethics is the name we give to our concern for good behavior. We feel an obligation to consider not only our own personal well-being, but also that of others and of human society as a whole." The spiritual literature on this topic also support that ethical conduct is, the actions that can follow from the well-trained and highly disciplined prompting of self-consciousness for achieving the good of the individual concerned as well as for the people with whom one is interacting with. Every religion preaches that the essence of all morality is to do good to others. Wise people and religions all over the world have at all times considered "value centered perfection" and not "material success" as the ultimate goal of every human being.

In recent times we are witnessing a degradation of value-ethics, as we forget these wise preaching and equate material success and fame as highest achievement. According to the Holy Kural, a poetic composition of great antiquity in Tamil literature, written over two millennia ago by Saint Tiruvalluvar "Success achieved without minding the prohibitions of the moral law brings grief in the wake of achievement. To seek to further the welfare of the State by enriching it through fraud and falsehood is like storing water in an un-burnt mud pot and hoping to preserve it."

Swami Vivekananda successfully attempted to apply transcendental (spiritual) ethics to the empirical (worldly) plane of existence and created a new theory of ethics of universal relevance in the contemporary world. The basis of ethics, according to Swami Vivekananda is to become more and more selfless: "Whether men understand it or not, they are impelled by that power behind to become unselfish. That is the foundation of morality. It is the quintessence of all ethics, preached in any language, or any religion, or by any prophet in the world. "Be thou unselfish", "Not I, but 'Thou" - that is the background of ethical codes.' Swamiji was very much grieved to see people seeking privileges on the grounds of wealth, muscle-power, or intellect. He said:" There is the still subtler and more powerful privilege of intellect; because one man knows more than others, he claims more privilege. Apply the same idea to the modern world: excess of knowledge and power, without holiness, makes human beings devils."

According to Socrates, knowledge is the highest good or virtue. A rational understanding of the nature and meaning of goodness, self-control, truth, wisdom and justice is the precondition of their being practiced in life. It was the principle of Socrates that no man is voluntarily bad or involuntarily good. Evil is the result of ignorance. Socrates says: "I do nothing but to go about persuading you all, old and young alike, not to take thought for your person or properties, but first and chiefly to care about the greatest improvement of the soul. I tell you that virtue is not given by money, but that from virtue comes money, and every other good, public as well as private.

Vedanta, ancient Hindu scripture, is in agreement with Socrates in holding the view that the practice of virtue should be preceded by a rational understanding of the implications and the nature of virtue. It says that Vidska (understanding) should precede Vairagya (dispassion) and the practice of Shatsampat (six ethical virtues), which means that an aspirant after Moksha (liberation), or the final salvation of the soul, should have a profound discernment of the difference that exists between the real

and the unreal, in order that his renunciation of the unreal and the practice of self-control may have meaning and value. Knowledge precedes action of all kinds. The good is a universal principle and not a private fancy. To have forgotten these wise preaching is indeed unfortunate. The knowledge of the importance of virtue does not deter people from moving to the evil side of things. This is the inscrutable illusion covering the consciousness of man, says the Vedanta.

According to Vedanta, it is crucially important that our thoughts and actions be governed by ethical values and habits. The values and habits are cultivated through consistent practice of two kinds of action. The yamas are restraints on action that govern our relationships with others: nonviolence, avoidance of falsehood, abstention from theft, sexual continence, and detachment. The niyamas are positive observances that govern our relation to our higher self: mental and physical purity, contentment, self-discipline, self-study, and devotion to the sacred. Both are considered to be forms of tapas, i.e. disciplines or austerities we impose on our behavior.

The term "ethics" has a variety of meanings. One of the meaning is "Ethics are the principles of conduct governing an individual or a group". Another definition describes "ethics as relating to what is good or bad, and having to do with moral duty and obligation." Should similar code of ethics be followed by a business entity?

In the broad sense ethics in business is simply the application of everyday moral or ethical norms to business. Being ethical in business requires acting with an awareness of how the products and services of an organization, and the actions of its employees, can affect its stakeholders and society as a whole, either positively or negatively. One example that comes to mind most readily is the Ten Commandments from the Bible, a guide that is still used by many today. Other traditions and religions have comparable sacred or ancient texts that have guided people's actions in all areas, including business, for centuries, and still do. If we move from religion to philosophy we have a similar tradition.

Plato is known for his discussions of justice in the "Republic", and Aristotle explicitly discussed economic relations, commerce and trade under the heading of the household in his "Politics". His discussion of trade, exchange, property, acquisition, money and wealth have an almost modern tone, and he makes moral judgments about greed, or the unnatural use of one's capacities in pursuit of wealth for its own sake.

All productive enterprises can be viewed as engaging in an implied contract with society. Among the thinkers of Modern India probably nobody has contributed more for the advancement of humanism than Mahatma Gandhi. He gave humanistic basis to social philosophy: he humanized politics, science and religion and sought to unite the mankind in common pursuit of justice and establishment of a moral order in world-society. Morality for him was not a matter of outward conformity but of inward fulfillment, of deep conviction accomplished by right action.

Gandhi's greatness lies in translating his noblest thoughts into action. Even as a young child his morals were tested when an inspector of schools came to visit during a spelling test. Noticing an incorrect spelling, his teacher motioned for him to copy his neighbor's spelling but he stoutly refused to do so. Later in life, he advised his

countrymen to observe truthfulness in business and reminded them that their responsibility was greater since their conduct would be seen as a reflection of their country. Gandhi wanted people to put into practice morality in the seven main fields of life.

He enumerated following seven Social Sins:

- (a) Politics without Principles.
- (b) Wealth without work.
- (c) Commerce without Morality.
- (d) Knowledge without Character.
- (e) Pleasure without Conscience.
- (f) Science without humanity.
- (g) Worship without sacrifice.

Gandhi's everyday prayer was a recitation of the virtues of an ideal person as depicted in the Bhagvad Gita. His prayer addressed to one's own better self, the conscience, the true self. Gandhi advocated the concept of ethical religion and not dry and dead ritualism

NEED FOR BUSINESS ETHICS

Society bestows upon businesses the authority to own and use land and natural resources. In return, society has the right to expect that productive organizations will enhance the general interests of consumers, employees and community. Society may also expect that organizations honor existing rights and limit their activities within the bounds of justice. So, under this 'social contract' between society and business, what rules should guide the behavior of business enterprises? What are the minimal duties of business professionals? Business ethics provides this guidance, including the consequences and complications their actions. Thus Business ethics is that set of principles or reasons which should govern the conduct of business - at the individual or collective level by the application of ethical reasoning to specific business situations and activities.

Being ethical in business requires acting with an awareness of:

- The need for complying with rules, such as the laws of the land, the customs and expectations of the community, the principles of morality, the policies of the organization and such general concerns as the needs of others and fairness.
- How the products and services of an organization, and the actions of its members, can affect its employees, the community and society as a whole, either positively or negatively.

Business ethics has come to be considered a management discipline, especially since the birth of the social responsibility movement in the 1960s. In that decade, social awareness movements raised expectations of businesses to use their massive financial and public influence to address social problems such as poverty, crime, environmental

protection, equal rights, public health and improving education. An increasing number of people asserted that because businesses were making a profit from using the country's resources, they owed it to the country to work to improve society. Many researchers, business schools and managers have recognized this broader constituency, and in their planning and operations have replaced the word "stockholder" with "stakeholder," meaning to include employees, customers, suppliers and the wider community.

In the above framework we can define business ethics as "the principles and standards that determine acceptable conduct in business organizations." Learning to recognize ethical issues is the most important step in understanding business ethics. An ethical issue is an identifiable problem, situation or opportunity that requires a person to choose from among several actions that may be evaluated as right or wrong, ethical or unethical. In business such a choice often involves weighing monetary profit against what may be appropriate conduct.

BENEFITS OF BUSINESS ETHICS

There are many benefits of attention to business ethics for any business enterprise. The following list describes various benefits of business ethics.

- Attention to business ethics has substantially improved society
- Ethics programs help maintain a moral course in turbulent time
- Ethics programs cultivate strong teamwork and productivity
- Ethics support employee growth
- Ethics programs help ensure that policies are legal
- Ethics programs help avoid criminal acts of omission and can lower fines
- Ethics programs help to manage values associated with quality management, strategic planning and diversity management
- Ethics promote a strong public image.

MORALS AND ETHICS

The word "Moral" is defined as relating to principles of right and wrong. A distinction can be drawn between Ethics and Morals. Although both words are broadly defined in contemporary English as having to do with right and wrong conduct, the root word for ethical is the Greek "ethos," meaning "character", while the root word for Moral is Latin "mos," meaning "custom."

Character and custom, however, provide two very different standards for defining what is right and what is wrong. Character is a personal attribute, while custom is defined by a group over time. People have character. Societies have custom. To violate either can be said to be wrong, within its appropriate frame of reference.

Another way to look at the distinction is to say that morals are accepted from an authority (cultural, religious, etc.), while ethics are accepted because they follow from

personally accepted principles. For example, if one accepts the authority of a religion, and that religion forbids stealing, then stealing would be immoral. An ethical view might be based on an idea of personal property that should not be taken without social consent (like a court order). Moral norms can usually be expressed as general rules and statements such as "always tell the truth", are typically first absorbed as a child from family, friends, school, religious teachings and other associations. Morals work on a smaller scale than ethics, more reliably, but by addressing human needs for belonging and emulation, while ethics has a much wider scope. It is the process of examining the moral standards of an individual or society to determine whether these standards are reasonable or unreasonable in concrete situations and issues.

ETHICAL DILEMMAS

Many business issues may seem straight forward and easy to resolve and business ethics is sometimes portrayed as a matter of resolving conflicts in which one option appears to be the clear choice, but in reality, one is faced with having to make a choice from various alternatives resulting in an ethical dilemma. In business, more than anywhere else, we are faced with moral and ethical decisions daily. Not only are we faced with questions between right and wrong, but between right and right.

According to Joseph Badaracco, "We have all experienced situations in which our professional responsibilities unexpectedly come into conflict with our deepest values. We are caught in a conflict between right and right. And no matter which option we choose, we feel like we've come up short." Ethical dilemmas faced by managers are often highly complex with no clear guidelines. For example, if you are a salesperson, when does offering a gift to a customer become a bribe rather than sales promotion?

Codes of ethics that seek to influence moral behavior of a group have a long tradition. The Hippocratic Oath, which still governs the ethical behavior of doctors, was drawn up more than two thousand years ago. Codes of Ethics are the most widespread means by which companies communicate their ethical standards to the employees. These are formalized rules and standards that describe what a company expects of its employees.

A slogan on an ethics poster for Boeing states the profound truth about ethical dilemma: 'Between right and wrong is a troublesome grey area.' Each person must weigh alternatives and make choices in light of personal values and goals, but also with consideration to organizational and professional success. Decisions have to be made that are optimal and that we can live with in the long run.

The following steps could help clarify the decision making process. Some guidelines which one can address to ease ethical dilemmas are:

1. Define the problem clearly.
2. How would you define the problem if you stood on the other side of the fence?
3. How did the situation arise?
4. To whom are you loyal as a person and as a member of the organization?
5. What is your intention in making this decision?

6. How does this intention compare with the probable results?
7. Whom could your decision or action injure?
8. Can you discuss the problem with the affected parties before you make your decision?
9. Are you confident that your position will be as valid over a long period of time as it seems now?
10. Could you disclose without any doubt your decision or action to your boss?
11. What is the symbolic potential of your action if understood? Misunderstood?
12. Under what conditions would you allow exceptions to your stand?

To summaries, Business Ethics in an organization relates to a corporate culture of values, programs, enforcement & leadership. Stakeholders must support organizational ethics initiatives because it makes good business sense in the long term.

CONCLUSION

What is “right” and “proper” and “just”? These terms, and these questions are going to become more important in the future as our society becomes more crowded, our economy more competitive and our technology more complex. These terms are going to become particularly important for the business executive, whose decision can affect so many people in ways that are outside their own control.

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