Issues in Business Ethics : An Overview

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Introduction

In this current scenario of globalization the debate on the business ethics has become a hot issue. There are various new regarding the frauds being committed by various business organizations, which show that business organizations are becoming more unethical. The need of the hour is to consider various issues which are involved in the area of business ethics. Drucker said, "We must think through what management should be accountable for and how and through whom its accountability can be discharged. The stakeholders' interest both short and long term, is one of the areas. But it is only one". He throws light on the accountability of business towards society and its stakeholders. Thus, it is most important to understand the ethics in business.

Ethics

The word "ethics" means a set of moral principles or values indicating what human conduct ought to be. The set of principles may be written or unwritten codes or principles governing a profession. The central purpose of ethics is to secure valid principles of conduct and values that can be instrumental in guiding human actions and producing good character. Ethics are always interpreted in terms of goodness and badness of our conduct in society. As Pojman stated that, "ethics has to do with how we are to live".

It requires us to be concerned about the rights and well-being of others. It requires us to stop thinking of ourselves as the sole center of the universe and requires us to transcend the simplistic equation of, 'me', 'myself' and 'I' and requires us to be just reasonable and objective. The central problem of ethics in current scenario is not the lack of moral reasoning or moral imagination, but lack of moral engagement i.e. the willingness to carry on ethical questions and issues. Publicly, everyone live lives, which are electronically and economically inter-dependent and inter-connected with one-another, but privately both are ethically and emotionally withdrawn un-

empathetic and un-appreciative to the wants, needs and desires of one-another.

The management now-days follow various practices to make use of ethics in the decision-making process. In the society, generally three types of management ethics are prevalent i.e. moral management, immoral management and amoral management. The moral management follows ethical norms, professional standards of conduct compliance with applicable regulations and laws, lack of interest in profits and wealth maximization. Immoral management is devoid of any ethical principles, believing in exploiting the opportunities for corporate or personal gains to the exclusion of other consideration. Amoral management is the managerial behaviour that is indifferent to ethical considerations. Different behaviour is exhibited in business and other aspects of life depending upon the issues, situations and environment at that time.

Business

In general sense, business means 'the state of being busy'. But actually, it is an economic activity which may be elaborated as the organized effort of enterprises to supply goods and services to ultimate consumers for a profit. The businesses may vary in size, as measured in terms of number of employees or in terms of sales volume. Earlier the main objective of business was only earning profits but now-a-days its purpose goes beyond earning profits and becomes an important part of the society. Be it for the supply of goods and services; creation of job opportunities; offer better quality of life, or contributing to the economic growth of country and putting it on the global map; the role of business becomes more crucial. The society cannot do anything without business. The scope of business is vast and it includes all the activities connected with production, trade, banking, insurance, and numerous other related activities. The business also undertakes all efforts to comply with legal restrictions and government requirements and discharging obligations to consumers, employees, stakeholders, owners and to other interest groups which have shares/stakes in that business directly or indirectly. The people occupy a central place around whom, by whom and for whom business is run. Ultimately means that, "Business is people".

Business Ethics

In 1970s in USA, business ethics came in focus with its social values and social concerns, which forced companies to abstain their policies, that violates consumer protection and environmental problems. Business ethics

are rules of business conduct by which propriety of business activity may be judged. It equally relates to the behaviour and responsibilities of manager and ethical obligations of business professionals. The main focus is on people, how individuals should conduct themselves in fulfilling the ethical requirements of business. There is a growing realization all over the world that ethics is very important for any business and for the progress of any society. Ethics and profits go together in the long-run and it can protect the society. The main emphasis is on the need of shape of business, the players in the field of business, their actions and motives and the role of regulatory agencies will be different in the days to come.

The various universities and institutions have made it a point to introduce one paper on ethics in any course related to business or management. Any book or journal on business management contains discussions on business ethics. Ethical issues are everywhere, at all levels of business. Business ethics is the study of good and evil, right and wrong and just and unjust actions of businessman. People who are in business are bound by the some ethical principles that also applied to others.

The managers in every society are influenced by various repositories of ethical values and these ethical values are emerged from religion, culture, legal system and traditions, which individuals follow over a period of time. These sources are used to inculcate ethical conduct among the business executives/management professionals which binds the majority of individuals in society into a co-operative whole. Religion is considered to be the oldest source of ethical inspirations. There are more than 1,00,000 different religions exist around the world but all religions are in agreement on fundamental principles which are similar to the building blocks of secular ethical doctrine.

Culture is another important source of learning and acquiring ethics. Culture to as a set of values, rules and standards transmitted among generations and acted upon to produce behaviour that fall within acceptable limits.

The legal system also guides the behaviour in any society. This is also a major source of learning ethics. The rules of conduct approved by legislature are important milestones for guiding the behaviour of the society. Whatever ethics that law codifies, it is binding on business. The breaking of laws by the business may have harmful effect in the life of the people. Thus, people should observe these laws honestly, so that they are not creating any

serious problems to the society. The business houses and their management must learn the legal system in which these are working.

Business ethics are related to the behaviour and obligations of business professionals. In this the main focus is on the people, how individuals should conduct themselves in fulfilling the ethical requirements of business. Business requires managers to be ethically honest with stakeholders' interest, society, environmental forces and with themselves also. Business ethics and profits go-together for the long-run sustenance of the organization if any organization wants to survive and develop. It has to discharge its obligations to the society. So, every corporate house has to pave the way for a stronger ethical foundation.

Business has to promote its growth with fairness and truth in its advertisements, which is known as a social responsibility of business houses. The business is also expected to share a part of its prosperity with the community in the midst of which it is located by offering amenities and services, not available to the requisites in the community. In 1970s, Friedman emphasized the argument that, "the social responsibility of business is to increase its profits. He said that in a free market system in which people are allowed to own property, the executives of the company need to be considered as employees of the shareholders. The mangers also have responsibility to their employees, but that responsibility entails trying to help employees to achieve their desires, which is to make as much as money as possible within legal rules and ethical customs of society".

Various issues have been identified on this subject, which are of stakeholders concern. They have talked about major concerns of stakeholders Catherine while identifying the major issues with the stakeholder theory argued on the basis, which groups the corporation, must be directly accountable. He identified the attributes like power, legitimacy, and urgency of the stakeholder group for establishing the direct accountability of the stakeholders by the corporation. He is of the opinion that when these three attributes are present the stakeholders must be considered as high priority stakeholders. The multitude of stakeholders in today's business operations makes the shareholders just one of many groups interested in the ethical behaviour of the business. In the past many companies has their focus on the stakeholders only, but the scenario has changed in the recent years. The organizations now look towards a stakeholders approach and stakeholders are any group that has a vested interest in the operations of the firm. Employees must be encouraged to

relay relevant information pertaining to ethical conduct to management of firm. This information flow is critical to ensure that the needs of all the firm's stakeholders are satisfied. Traditional stakeholders include employees, suppliers, stockholders, customers, the government, local communities, and society as a whole.

The contribution of employee is also very important in the success of any organization and organizations must be able to attract, select, and retain the best-suitable candidates for their operations. It is for the firm's benefits to have a positive and strong corporate culture that would support the employees' contributions to the organizations. If corporate culture does not have strong ethical values, it would increase the possibility of absenteeism, job-hopping, and leaving organizations to work for a competitor.

It is found that more dissatisfied the employee; the more are the chances that he or she will be engaged in unethical practices. It is the moral duty of managers to ensure that always a clear and unambiguous message delivered to employees if it relates to ethical issues. It is the responsibility of a manager to lead the development, and implementation of a strong and positive ethical value system and also empower employees so that they would be committed to the ethical value system of the organization.

"Customer is the king", now-a-days and it is critical for any company to understand the role customers have on the ultimate survival of the organizations. Customers have high level of trust on the organizations from whom they are buying goods and services; otherwise they will go to other organizations. The customers expect and demand those products and services, which are safe to use and are of at least reasonable quality. Customers also expect that the products and services are shown in the advertising represents the same features and qualities that are sold to them. Customers also expect that salespeople will be honest and ethical in dealing with them and that the features and prices quoted by the sales executives are valid will not mislead the customers by presenting information that misrepresents its products and services.

For governments, business ethics implies the need to manage a complex set of relationships in order to develop a win-win situation between business and social organizations. The government have-joined other stakeholders in assuming a relevant role as drivers of business ethics, working together with non-governmental organizations and recognizing that public policies are encouraging a greater sense of business ethics. The role

of government as a stakeholder is primarily based on compliance issues. Government should analyse the role that businesses have traditionally adopted in society in order to follow ethical values. The government establishes and implements laws that require organizations to comply with the rules and regulations of the constitution. If an organization does not comply with the laws, the government has the authority to take legal actions against the organization through fines and possible imprisonment for employees within the organization. The responsibility of the business towards government covers the areas like complying with all legal requirements, paying taxes honestly, executing government's contracts, making services of executives available for the government, deducting income-certificates from wages and salaries of employees and acting as a willing partner with the government in pursuit of community welfare.

Conclusion

From the above discussion, it is concluded that the corporate world must take all this into consideration and they must devise the ways and means to meet the expectations of their customers as well as stakeholders. The organizations must comply with the rules and regulations implemented by the government. The business organization must not indulge in unlawful business and production of such commodities which are hazardous for the health of general public. The business organizations must work for ensuring the long-run survival and becoming a profitable venture by taking into consideration the expectations of all those who have status in business and it is the need of the hour.

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