Business Ethics and Its Practices: What Values Lacking in India

Dr. P. Veerachary,
I/C, Head, Department of Philosophy, OUCW,
Osmania University, Hyderabad. Telangana.

Abstract
Business Ethics is the study if business situations, activities, and decisions where issues of right and wrong are addressed. It is worth stressing that as opposed to, for example commercially, financially right or wrong. Moreover, by business ethics, we do not mean not only commercial business, but also government organizations, pressure groups, not-for-profit businesses, charities, and other organizations. For example, Questions of how to manage employees fairly, or what constitutes deception in advertising, are equally important for organizations such as Greenpeace the University of Stockholm, or German Christian Democratic Party as they were for Shell, Volvo, and Duetsche Bank. When comes to India what is lacking is values in Business. Although they are laws to prevent this it is not possible until people and businesses realize that ethicality in business helps both the parties. There is an urgent need for reevaluation of business standards with practical ethics.

Key words: Business ethics, values, pressure groups, charities, not-for-profit businesses

Introduction
The world of political economy may be divided into two kinds of people- global fans and local fanatic. Take the example of people migrating from the East to the West. Western governments are under pressure from two groups at home- the professional establishments who are running short of personnel want to have them, but the locals protest, since they feel that their jobs will be taken away. The world is a much traversed planet, and yet there are serious cultural differences among the nations. Support soon forget their sponsorship and indulge in racial slur Western businessmen look askance at the way their Eastern counterparts conduct business and cast doubts about the integrity of the deals to be signed. There are several trade barriers, taxes, and tariffs that hinder fair trade practices. The question we will deal with is, whether is possible to have global business ethics practices in a multicultural world, much unified and yet divided.

Business Ethics in India
Most businesses in India act ethically most of the times’ is a fact that most people do not realise most of the times. It is a common perception that a business cannot be run ethically under current conditions and so most businessmen would be essentially unethical. A major reason for such misperception by the common man about ethics in business is the vagueness regarding the meaning of the word ethics itself. ‘Your ethics are different from mine’; ‘What ethics is depends on the view point you take.’; ‘Are we talking about ethics or morals?’ are the refrains we hear in the society, in small and medium businesses and also in the board rooms of large corporations. We need to define ethics clearly, understand how it is different from morals, and also know its relationship with laws before we proceed to judge whether the Indian businesses today are ethical or not.
On Ethics and Morals

Students of management and practicing managers are no different from the enlightened citizens of India when it comes to the usage of the words ethics and morals. These words are often used interchangeably and both are almost invariably considered as subjective judgments that can differ from person to person. Even the vast literature on this subject, including books on management, seems to shy away from defining the terms ethics and morals. Fortunately, these have been defined recently. These definitions are not only easy to understand but can be put in practice for judging any action.

Ethics Defined

Both ethics and morals refer to the 'do's' and 'don'ts' in human society. So, we will constrain our discussion on ethics as behavioural guidelines amongst human beings. As a human being, each of us does any action essentially for one’s own happiness. The actions belong to two distinct categories: those that affect other person(s) and those that do not (directly) affect other person(s).¹

In short, Ethics is universal.

Morals

Morals are those edicts of do's and don'ts that are instilled in a person from childhood onwards by the society. These get communicated and imbibed via the mother, the family, the schools and the local norms of behaviour.

There is no need to start with any particular name or action regarding unethical businesses and practices. Everywhere we see practice of bribery, commission, offering low quality against promises of high or genuine quality, use of child labour in dhabas and so on. The whole society is running for excessive profit making without understanding the impact of these decisions. It will lead us to a point where wealth will be there but peace will not be there. We need to check this uncontrolled growth like growth of cancer cells for a sustained prosperous society. Ethical behaviour is the only way for this problem.

Why Ethics Is a Vital Part of Management Practices

John F. Akers, former board chair of IBM, recently said that it makes good business sense for managers to be ethical. Unless they are ethical, he believes, companies cannot be competitive in either national or international markets.

According to Akers: Ethics and competitiveness are inseparable. We compete as society. No society anywhere will compete very long or successfully with people stabbing each other in the back; with people trying to steal from one another; with everything requiring notarized confirmation because you can’t trust the other person; with every little squabble ending in litigation; and with government writing reams of regulatory legislation, trying business hand and foot to keep it honest.

Although ethical management practices may not be linked to specific indicators of financial profitability, conflict is not inevitable between ethical practices and making a profit. As Akers’s

statement suggest, our system of competition presumes underlying values of truthfulness and fair dealing. The employment of ethical business practices can enhance overall corporate health in these important areas: productivity, stakeholder relations, and government regulation.

Productivity: The employees of a corporation constitute one major stakeholder group that is affected by management practices. When management is resolved to act ethically toward stakeholders, then employees will be positively affected. For example, a corporation may decide that business ethics requires it to make a special effort to ensure the health and welfare of its employees. To this end, many corporations have established Employee Advisory Programs (EAPs) to help employees with family, work, financial, or legal problems, or with mental illness or chemical dependency. These programs have even enhanced productivity in some corporations. For instance, Control Data found that its EAP reduced health costs and sick-leave usage significantly.

Stakeholder Relations: The second area in which ethical management practices can enhance corporate health is by positively affecting “outside” stakeholders such as suppliers and customers. A positive public image can attract customers who view such an image as desirable. For example, Johnson & Johnson, the world’s largest maker of health care products, is guided by “our Credo” addressed more than 60 years ago by General Robert Wood Johnson to the company’s employees and stockholders and members of its community.

Government Regulation: The third area in which ethical management practices can enhance corporate health is in minimizing government regulation. Where companies are believed to be acting unethically, the public is more likely to put pressure on legislators and other government officials to regulate those businesses or the enforce existing regulations. For example, in 1995, Taxes state legislators held public hearings on the operations of the psychiatric hospital industry. These hearings arose, at least partly, out of the perception that private psychiatric hospitals were not following ethical pricing practices.

Creating an Ethical Workplace

Managers commonly strive to encourage ethical practices, not only to be morally correct, but to gain whatever business advantage lies in projecting an ethical image to consumers and employees. Creating, distributing, and continually improving a company’s code of ethics is one common step managers can take to establish an ethical workplace.

Another step many companies are taking to create an ethical workplace is to appoint chief ethics officer. The chief ethos officer has the job of ensuring the integration of organizational ethics and values into daily decisions at all organizational levels. Such officers recommend, help implement, and reinforce strategies aimed at integrating, appropriate conduct throughout all phases of company operations. The characteristics designated by the Ethics officer Association that a person must have in order to be successful chief ethics officer.

Another way to promote ethics in the workplace is to furnish organization members with appropriate training. General Dynamics, McDonnell Douglas, Chemical Bank, and American Can Company are examples of corporations that conduct training programs aimed at encouraging ethical practices within their organization. Such programs do not attempt to teach
Managers what is moral or ethical, but to give them criteria they can use to help determine how ethical a certain action might be. Managers.

Finally, managers can take responsibility for creating and sustaining conditions in which people are likely to behave ethically and for minimizing conditions in which people might be tempted to behave ethically. Two practices that commonly inspire unethical behavior in organizations are to give unusually high rewards for good performance and unusually severe punishments for poor performance. By eliminating such factors, managers can reduce any pressure on employees to perform unethically in organizations.

For an example for the management word illustrating how management action can be debated from an ethical viewpoint, consider recent events at Sprint, the third largest wireless provider in the United States with more than 53 million customers. The company recently sent letter to about 1,000 customers terminating their contracts. These customers called Sprint with questions and needing help an average of 25 times a month, a rate 40 times higher than average customers. According to Sprint, these customers were too costly to maintain at a time when cost control is a high company priority.

Although Sprint cancels service of customers who do not pay their bills, it is the first time the company has canceled customer contracts who call too much. Some would argue that Ethr Company is being unethical due to its selfishness in this situation while others would argue that the company is being ethical because it is acting in the best interests of stockholders. In the final analysis, management is responsible for evaluating its actions from an ethical viewpoint and maintaining those activities that is deems ethical.

Following the Law:

In the summer of 2001, outrageous management practices were discovered at several companies including Enron, World Com, and Tyco that seemed aimed at unjustifiably maximizing the personal wealth of top managers to the detriment of the will- being of other organization stakeholders. As an example, many of these managers used inaccurate accounting reports to deceive employees, shareholders, legal authorities, the media, and the general public. These reports grossly overstated the level of company performance, allowing top managers to justify inflated salaries. Some employees were personally outraged by the deceitful management practice, and others experienced personal financial disaster after being encouraged to invest in worthless company stock and company retirement programs. Needless to say Managers involved in such deceitful practices were prosecuted to the full extent of the law.

Introduction to Business Ethics

Descriptive Ethics are scientific description of ethics. Sound logic for ethics is presented. These moral standards can be applied to human action to judge their moral character, that is, whether they are right or wrong. Examples of some of the moral standards are utility, duty, conscience, use of right means for right ends, justice, prudence, and stewardship. Just as there are several standard to measure distance, such as meter, yard, mile, etc., so also there are several standards to judge an action right or wrong.
Normative ethics Norms or standard are also known as values or codes. Norms set clear guidelines for social interaction in a community. Normative ethics is a subject of study wherein student study moral

**ETHICS**

*Systematic study of moral conduct*

- **Descriptive Ethics**
  - Scientific description of ethics
  - Scope: General moral science

- **Normative ethics**
  - Standard normative theory and its application
  - Scope: Specific human action

- **Meta-ethics**
  - Cognitive study of the ultimate principles of ethics, their origin and meaning
  - Conceptual Scope: Philosophy

*Fig- Classification of ethics*

Business ethics comes under this classification. Normative standards of moral judgment are applied by business managers to the business decisions they take. The ethical element is part and parcel of the integral process of decision making on a business management problem. Business ethics, therefore, deals with the application of normative standards to specific business experiences. The study of business ethics is as essentials for a businessman as the study of professional norms for a medical practitioner. We expect a doctor to diagnose correctly so that the right medication is given. There are chances that he could diagnose a simple ailment but report it as a serious one in order to exploit the patient financially. Likewise, a client places trust on a businessman fort a transition and hopes that the latter does not deceive. Thus, applied ethics is strictly professional ethics.

**APPLICATION**

The relevance of ethics is in its application. Just as when we study the theory of relativity in physics, we ensure that the laws or principles or relativity are applied to the factors and elements being considered, so too in our study of ethics, the universal principles have to be applied to individual contexts and situations. We have to abandon the absolutism of universal principles. For instance, killing a man is wrong. But we approve the killing of the enemy in a war and the government honors the act with medals for bravery. This is due to the fact that such an act has served a higher principle, that is, the protection of countrymen. Ethics, in the practical sense, is also known as moral action and is an applied discipline that deals with a particular human action and also assesses to what extent it is compatible with the general principles.

**Character of Business**

‘There are two fools in every market: one asks too little, one asks too much,’ so says a Russian proverb. Is there concept called balanced profit? The business in a society reflects it character. Transparency international, in its corruption perception index, gives Finland, Denmark, and New Zealand the first place with 9.4 points. India is way down at 72, with just 3.5 point on a scale of
10. We may gloat over our cultural heritage and religious and ethical glories of the past, but we strand exposed before the world as a corrupt society. Corruption prevails in all walks in life, whether political, social or economic. If we have to improve our business, we have to improve our business behavior.

**Professional Ethics**

The aforementioned discussion may be understood through the following distinctions: ethics and business ethics. We have studied the distinction between normative and practical ethics and have established that business ethics comes under practical ethics and is applied to a particular activity. Just as a society functions on the social codes of conduct and a country is governed by its constitution, a business is run on corporate codes. In other words, there is professional code of conduct for any business. These codes keep evolving as other things around evolve and develop. Therefore, not only should business be defined within the confines of ethics, but it should be practiced strictly under its own professional code of conduct. This distinction helps to orient the general principles of ethics and business to particular activity. The principles, however, do not change. For instance, there is a manager who is doing very well in his career because he is both efficient and honest. To his neighbors and friend, he is not only a very successful businessman, but also a very good family man. To a question asked by a journalist on how he divided his time between his family and business despite his busy schedule, he replied, ‘Efficiently.’ ‘What is the secret of your success?’ asked the journalist. He replied, ‘Honest.’ The journalist looked inquiringly as if to say, ‘Look, business and family are separate.’ The businessman said, ‘Both efficiency and honesty work equally well at work and at home.’ Our roles may change from time to time and from place to place, but the integrity of our character should be maintained.

Business ethics, thus, professionally adheres to a code of conduct that is accordance with the normative principles.
Cultural Values
Indeed, it would seem that the universal norms are confined to the geographical hemispheres, because culture shapes our values. Cultures are geographically diverse.

The European culture is deferent from the Asian culture, whereas the African culture is different from both the European and Asian cultures. Cultures are confined to territories. Even the old civilizations of Egypt, Mesopotamia, China, and India were geographical pockets. Each of these cultural centers developed their Owen ethos, where the social relations that developed were typical to their environment.

Manners Indicator of Values
Let us specify where the ethical valises get translated into good manners or etiquette. If you go to European wedding in a Kurta Pyjama, it may be construed as being rude. Chances are that you may be thrown out for not wearing a decent dress, and for having dared to come in straight from the bed, in night clothing. Likewise, when half-clad European tourists visit Indian temples with their shoes on, they hurt the religious sentiments of the Indians. There have been instances in business where Western products have exhibited the Eastern religious symbols of gods and goddesses on their footwear or undergarments, and this has led to angry protests that have cost may lives. It is therefore wise to understand and respect the cross-cultural differences and conduct ourselves in an appropriate and friendly manner, rather than put up the false pretence of global business ethics.

One Humanity Many values
We can no more confine ourselves to geographical boundaries and remain isolated from the vagaries of cultural differences. The fundamental assumption of ethics in any region or culture is that human beings are endowed with the ability to be good. Man’s basic nature is oriented to the good. The aim of every human action is good, although it may not end up as such, due to the complexities of relationship and the contexts in real life situations.

For instance, Casablanca, the classic movie set in North Africa against the background of World War II, brings out the complexities of a relationship and the choices people have to make. Rick Blaine is the owner of a nightclub (a character essayed by Humphrey Bogart), for all the ironies of life, has to forego marrying his sweetheart Elsa (Ingrid Bergmann) in Paris. But it is even more ironical when Elsa walks into his club with her husband Victor Laszlo. Victor, a Resistance leader, is actually on the run from the Nazis. Elsa, who is still madly in love with Rick, is in a dilemma. She cannot make up her mind on whether to run with her fugitive husband, or stay back with Rick.

She asks Rick to decide for her, since this dilemma is too hard for her to bear. She would do as he decides. It is a battle or Rick, too. He finally makes up his mind. He lies to Victor about his relationship with Elsa. He tells Elsa to go with her husband and so Elsa and Victor leave. Indeed,
it goes without saying that after this event both the character may rue their decision. Stories such as these are not exceptional in real life, and are to be found irrespective of territorial boundaries. Noble decisions of personal sacrifice have enriched the lives of people beyond their boundaries. However, in episode, this is not the only issue. Should one tell lies to save a marriage? Is telling lies a good thing?

Manners

Good manners and etiquettes, although very edifying, are not the essence of ethical behaviour. Whether one holds a fork in one’s right hand or left hand is totally insignificant when compared to the value of telling the truth. Truth is appreciated beyond boundaries and all cultures have the some definition for the fundamental values such as truth, justice, love and respect.

Nature of values

From the above discussion, the first distinction that we must draw is between the formal and material aspects of ethics. To have a deeper understanding of moral concepts we must go from individual or material instance of behavior to general or formal concept. This process of thinking, form the particular to general is known as the dialectic or Socratic Method. It enables us to question particular instances- the material aspect- and by the elimination of peripheral elements we are then able to define them and apply them universally. For instance, how best do we arrive the concept of justice? Is the death penalty given to a merchant for adulterating food that lead to death odd some people considered as justice? Is letting of Nick leeson, the derivatives manager whose actions saw the Baring Bank suffer total insolvency, justice? We feel outraged when corrupt corporations get away lightly for their misdeeds. For instance, McDonald’s products are charged for causing obesity and Coca Cola's manufacturing units for environmental damage. It is true that none of the above instances serve as examples where justice is done. We see what justice is not, and through it what is meant by justice. The meaning of justice that we know is devoid of individual imperfections and therefore universal. The universal concept is an ideal, as it was, that the individual instance would lid to come close to. A good man is one who comes as close as possible to this ideal, and the not-so good one goes astray and moves farther away.

Theory and practice

In ethics, we may do well to remember the gap between theory and practice. Just as studying music with notes, meter, tune, timing, etc. does not produce a musician without actually practicing assiduously, so also, merely by learning the universal principles or ethics, one does not become a moral hero. Extraordinary people such as Mahatma Gandhi show that moral victory, though moral actions, is the greatest achievement worth having. There are a great many professional such as musicians, painters, medical personnel, and architects who have excelled in their field due to highest possible standers that they have set for themselves. Have they really achieved perfection in its fullest sense? Definitely not. But they have reached a very high degree of perfection from which others can be inspired. No matter how great the practitioners or ethics are, they cannot arrive at an absolute perfection of their ideals, though they do come very close to them.
Business management is a field for practicing ethical principles. We may not reach the zenith of the ideals, but all the same, without such lofty ideals the pursuit of perfection would be meaningless. It is by practice that some of our corporations have become leaders in good governance, employee care, and customer satisfaction. Their way of doing business has changed the lives of many people. Their way of doing business has changed the lives of many people. Their presence has made a difference to community.

References
4. Williams, E. (1994 [1944]). Capitalism and Slavery. Chapel Hill, The University of North Carolina Press. "Slavery was not born of racism: rather, racism was the consequence of slavery. Unfree labor in the New World was brown, white, black, and yellow; Catholic, Protestant and pagan"