

An Analysis of Ethical Standards & Moral Values for Excellence in Business

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ABSTRACT

This paper argues that the analysis of ethical issues in business is legitimate and important. Business ethics is a system of moral principles applied in the commercial world. It is a whole new scientific area because it combines law theory and politics as much as philosophical and historical documents. Business ethics provide guidelines for acceptable behaviour by organizations in both their strategy formulation and day-to-day operations. An ethical approach is becoming necessary both for corporate success and a positive corporate image.

Especially nowadays ethics in business are obligated because many businessmen are only interested in making money despite the ethical costs or the harm they would probably cause to people or even to nature (environmental pollution)..

This article attempts to analyze the sources of values in business, sharing of moral values and morality and its impact on society. The main aim

of this study is to examine the professional and organizational codes of ethics in general and individual values in particular.

Key words: Ethical standards, moral values, organizational codes, ethical crises.

INTRODUCTION

Ethics are the general code of behavior that is supposed to observe while living in the society. The purpose of ethical behavior is to foster mortality in the society. The word “Ethics” means moral philosophy or moral principal and standards of conduct. Ethics has science of morals, moral principles and whole field of moral science and morality is the collection of values that guides our behavior. Generally it involves all standards of behavior by force of moral. In society at large the sharing of moral values promotes social cooperation and is a significant means of social control. Shared moral values lead us to accept and trust others. Shared values allow

us to recognize when there is proper behavior in others and where limits to behavior rightfully belong. Shared moral values create social harmony.

Business ethics consists of a set of moral principles and values (Jones - Parker - Bos, 2005:17) that govern the behavior of the organization with respect to what is right and what is wrong (Badiou, 2001; Seglin, 2003). It spells out the basic philosophy and priorities of an organization in concrete terms (French, 1979; French, 1995). Business ethics is the behavior that a business adheres to in its daily dealings with the world (Borgerson - Schroeder, 2008). A business may be a multi-million seller, but does it use good business ethics and do people care (French, 1979)? There are popular soft drinks, fast food restaurants, and petroleum agencies that have been fined time and time again for unethical behavior (Harwood, 1996). Business ethics should eliminate exploitation, from the sweat shop children who are making sneakers to the coffee serving staff who are being ripped off in wages.

GOLDEN RULES OF GENERAL ETHICS

The golden rules of general ethics, which can be identified as universal virtues which every human being should imbibe, develop and practice and infact it is of immense relevance and importance to one who is required to serve the society well

and must therefore try to acquire or develop such virtues.

- i.) Trust worthiness
- ii.) Respect
- iii.) Responsibility
- iv.) Fairness
- v.) Caring
- vi.) Citizenship

ETHICAL CRISES

The thinking on ethical values in business was started in the decade of sixties but in India bothering about this was since last one decade. It is not that managers are not the believers of ethics in business but the fact is that the management thinkers gave very less attention over the ethics in business. The concept of ethical crises

ETHICAL CRISES = I-P

I = Ideas or bench marking. P = practices or realities.

Thus the business practices that are not matching the bench marking are deciding the volume of unethical crises in the corporations.

ETHICS AND GOVERNMENT

Changes in society have been accompanied by changes in the role of government. When business fails to make ethical decisions, when its fails to live up to society's expectation for ethical

behavior, government may step in. In the last century, government has been increasingly active in regulating business. In response, business leaders have become increasingly concerned with business ethics precisely because they want to limit further governmental regulation. They recognize that by encouraging ethical conduct and self-regulation within business organization, they will prevent outside standards from being imposed on them through public law. As a consequence, both business and industry have, in recent decades, developed codes of ethics. Such efforts by professions and businesses to set standards of behavior are evidence of the increasing tendency toward self-regulation.

ETHICS AND SOCIETY

Ours is a diverse society, formed from many ethnic backgrounds, races and religions. As a result, we have few shared ethical values to guide behavior. When a business decision maker does not share common values with society in general, any decision made as a greater likelihood of arousing ethical concern than if there is a common code of behavior and universally accepted values.

Diversity fosters concern over values and in recent years American society has become more openly pluralistic. Several trends illustrate society's concern over the possible fragmentation

of ethical values at home, at school and in business.

Public education and family structure

The rising concern over business ethics responds to a decline in public education and the family structure as sources for ethical teaching. Increasingly sensitive to challenges of bias, school systems have reduced their involvement in promoting shared ethical values and increased their emphasis on the teaching of "value-free" facts. At the same time, the rising divorce rate and numbers of single parents, as well as the tendency of both spouses to work outside the home, have decreased the time families spend together and their power in sharing and shaping ethical values.

Economic interdependence

Increasing economic interdependence promotes concerns about business ethics. Not even farm families are self-sustaining. Each of us depends on business industry for our every necessity - food, clothing, shelter and energy. The marketplace dominates all aspects of life and how the marketplace is conducted concerns us. The decisions people in business make have a significant impact on us. When there is a labor-management dispute in the coal industry, our source of electricity is threatened.

When manufacturers conspire to raise prices, the cost of our goods goes up. The sale of dangerous pesticides or impure drugs threatens our health. A management decision to close a plant may threaten our jobs.

News media and the internet

Extensive coverage of business decisions and their impact on society makes us more aware than ever of failures of business ethics. The news media and the internet make it increasingly difficult to hide the questionable behavior of large organizations. From the coverage of stock market manipulations to accounts of Enron's and Arthur Anderson's collapse, the news media and internet heighten public attention and concern. What used to be considered private is now considered public. The ethical issues that surround nearly every significant business decision are easier to see than they once were.

ETHICS AND MORALITY

Since earliest childhood we have been told about right and wrong or good and bad. It is right (good) to tell the truth. It is right to help others. It is right to obey your parents. It is wrong (bad) to lie. It is wrong to cheat and steal. It is wrong to hurt others. Through such teaching we develop values about right and wrong. These values that guide our behavior constitute our morality.

In society at large the sharing of moral values promotes social cooperation and is a significant means of social control. Shared moral values lead us to accept and trust others. Shared values allow us to recognize when there is proper behavior in others and where limits to behavior rightfully belong. Shared moral values create social harmony.

It is wrong to discriminate against or harass a person because of race, gender, or religion. One of the successes of many Japanese companies has been to instill shared moral values in their employees. Internationally, businesses often face problems when they do business with nations with different moral values. What is wrong in the United States may be right somewhere else and vice versa. Is it right to bribe customs officials so that companies goods can enter a country.

If morals involve what is right and wrong, ethics is a systematic statement of (our morality) right and wrong together with a philosophical system that both justifies and necessitates rules of conduct. It involves a rational method for examining our moral lives, not only for recognizing what is right and wrong but also for understanding why we think something is right or wrong. The unexamined life is not worth living, said the Greek philosopher Socrates. In other words, ethical self-examination is necessary for a

meaningful human life. In summary, morality involves what we mean by our values of right and wrong. Ethics is a formal system for deciding what is right and wrong and for justifying moral decisions. In everyday language, the terms morality and ethics are often used interchangeably.

SOURCES OF VALUES FOR BUSINESS ETHICS

There are four sources of values for business ethics. The sections that follow identify them as,

- i.) Legal Regulation
- ii.) Professional codes of ethics
- iii.) Organizational codes of ethics
- iv.) Individual values

Legal regulation

Legal regulation is a significant source of values for business ethics. In fact, many business and professional organizations look to the law when drawing up their codes of ethical conduct. At least five major ethical rules can be drawn from the law. These include:

- i.) Respect for the liberty and rights of others.
- ii.) The importance of acting in good faith.
- iii.) The importance of exercising due care.
- iv.) The importance of honoring confidentiality.

- v.) Avoidance of conflicts of interest.

Professional codes of ethics

Another important source of business ethics comes from the historic tradition of the professional codes of ethics. Professionals such as law and medicine have long traditions of codes of ethical conduct. Other professions and more recently business and industry in general, have developed and adopted codes of ethical conduct. Here we use portions of professional codes to demonstrate sources of ethical values that come from the development of group standards for ethical conduct. The excerpts from codes of conduct for two professions: law and accounting. These codes are the American Bar Association Model Rules of Professional Conduct and the American Institute of Certified Public Accountants Code of Professional Conduct, which take into account that what follows are short excerpts. In spite of their rules of professional conduct, lawyers are sometimes viewed as acting unethically. Is this because unethical people are attracted to the practice of law? Is it because the power conferred by knowing the law corrupts lawyers? Or is it because most non-lawyers do not understand the legal process, so that when they lose legal disputes, they feel it must be because of the other side's "dishonest" lawyers? Is it the emotion invested in legal cases that makes it easy for us

to blame others when things do not turn out to our satisfaction? In answering these questions, think about the relationship between law and justice. Does law ensure justice? Are we wrong to hope that it should?

Another set of ground standards is the ethical code of certified public accountants. So important are ethics to the conduct of accounting that when Arthur Andersen, once one of the world's oldest and largest accounting firms was implicated in a cover-up of why the energy firm Enron collapsed, the entire accounting firm went out of business. Enron had contributed only a small percentage of the worldwide business of Arthur Andersen.

From these excerpts, the ethical values expressed in the codes of ethics for law firms and accountants may seem overly general in nature. But each code has pages of rules that apply to specific situations arising in the lawyer-client and accountant-client relationship. As the state does not enforce these codes, it is not proper to call them law. Yet the professional organizations that have adopted these codes employ specific sanctions to back them up. Lawyers may be disbarred for ethical breaches. Because the state will likely regulate these professions if they do not do so themselves, it is appropriate to term their ethical codes self-regulation.

Organizational codes of ethics

There are few industry wide codes of ethics, so many businesses have adopted ethical codes at the individual organization level. Nearly all large corporations now have their own codes of business ethics, often called codes of conduct. These codes are obviously an important source of business ethics. The business roundtable, a national group of senior business leaders, has identified a general list of topics that organizational codes of business ethics should cover. These include

- i.) Fundamental honesty and adherence to the law.
- ii.) Product safety and quality.
- iii.) Health and safety in the work place.
- iv.) Conflicts of interest.
- v.) Fairness in selling/marketing practices.
- vi.) Financial reporting.
- vii.) Supplier relationships.
- viii.) Pricing, billing, and contracting.
- ix.) Trading in securities/using inside information.
- x.) Payments to obtain business/Foreign corrupt practices Act.
- xi.) Acquiring and using information about others.
- xii.) Security.
- xiii.) Political activities.
- xiv.) Protection of the environment.
- xv.) Intellectual property/proprietary information.

Different Approaches to Business Ethical Codes

Individual companies take different approaches to ethical codes. The Hertz Corporation has a one page statement of general ethical principles. In part that statement reads: “we will conduct business ethically and honestly in dealing with our customers, suppliers and employees. We will treat our employees in the same fashion as we expect them to treat our customers-with dignity and respect.” Hertz’s statement provides only general guidelines to ethical conduct rather than detailed definitions of what kind of ethical behavior the company expects in specific instances. Other companies spell out their expectations for employees’ behavior in considerable detail. For instance, the Martin Marietta Corporation Code of Ethics and standard of conduct is 17 pages long and covers a wide variety of company activities and practices.

Many codes of business ethics contain both general statements of shared ethical values and more specific applied examples of these values. General statements of shared values remind employees what their companies stand for and at the same time serve to encourage ethical behavior in situations not covered by specific ethical guides. The applied examples address specific types of business conduct like those listed above by the business roundtable. A majority of organizational codes of business ethics provide

sanctions for their violation, up to and including employee termination. As with professional codes of conduct, it is appropriate to call these organizational codes self-regulation. Whether companies pursue ethical self-regulation with enthusiasm and commitment or the codes are mere window dressing to satisfy the government and the general public is an important issue in determining the value of these codes. The extent of ethical training that employees receive is also significant. According to the national business ethics survey in 2005, 69% of employees reported they had received ethical training from their employers. This figure was up from 55% in 2003.

Individual Values

The ultimate source of ethical values for business decision making comes from the individual. Others can tell you what is right or wrong. They can sanction you for failing to live up to their expectations. But only you can make your behavior ethical. Only you can intend your actions to be honest and fair or to serve the common good. How to act ethically in every business situation is beyond the scope of this article. Business life is just too complex. There is no way to create enough rules to cover all possible ethically significant situations, even if they could be identified in advance. However, there are 5 elements, (Questions) that you can ask yourself that will help you explore your ethical

values before making personal or business decisions about what to do.

i.) Have I thought about whether the action I may take is right or wrong?

ii.) Will I be proud to tell of my action to my family? To my employer? To the news media?

iii.) Am I willing for everyone to act as I am thinking of acting?

iv.) Will my decision cause harm to others or to the environment?

v.) Will my actions violate the law?

CONCLUSION

The core subject of ethics is essentially a branch of spiritualism, which is a banyan tree covering the entire gamut of human behavior on righteous path for the well being of society. In simple terms spiritualism, which is closely linked to strong religious faith is a canvas under which ethical values and principles bloom and blossom. Conversely one can say spiritualism makes every human being more in his conceptions and commitment to serve the needs of society as a responsible citizen while enjoying modern comforts available to him in a materialistic world.

The golden rules of general ethics, which can be identified as universal virtues which every human being should imbibe, develop and practice and

infact it is of immense relevance and importance to one who is required to serve the society well and must therefore try to acquire or develop such virtues. Four sources of values are identified in business ethics in terms of legal regulation, professional codes of ethics, individual values and organizational codes of ethics.

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