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Application of Ethics in Business Management

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ABSTRACT

Nowadays business ethics determines the fundamental purpose of existence of a company in many organizations. There is an ensuing battle between various groups, for example between those who consider profit or share holder wealth maximization as the main aim of the company and those who consider value creation as main purpose of the organization. The former argue that if an organizations main objective is to increase the shareholders wealth, return profit – productivity then considering the rights or interests of any other group is unethical. The latter, similarly argue that profit maximization cannot be at the expense of the environment and other groups in the society that contribute to the well being of the business. Nevertheless business ethics continues to a debatable topic. Many argue that lots of organizations use it to seek competitive advantage and creating a fair image in the eyes of consumers and other stakeholders. It is therefore before doing any business in the world must to understand the correct meaning to gain advantages not from the business also to society as whole and subsequently regarding the good moral value - transparency and accountability as a whole.

KEYWORDS: Business ethics, shareholders- stakeholders, code of conducts and commercial activities, RTE Act

Introduction

Business ethical norms reflect the norms of each historical period. As time passes norms evolve, causing accepted behaviors to become objectionable. Business ethics and the resulting behavior evolved as well. Earlier past period, business was involved in a form of slavery, colonialism, and the cold war types.

The term 'business ethics' came into common use in the United States in the early 1970s. By the mid-1980s at least 500 courses in business ethics reached 40,000 students, using some twenty textbooks and at least ten casebooks along supported by professional societies, centers and journals of business ethics. The Society for Business Ethics was started in 1980 to promote the ethics in business management. European business schools adopted business ethics after 1987 commencing with the European Business Ethics Network (EBEN). In somewhere 1080- 1982 the first such concepts going to become popular and this field are appeared.

Origin of Business Ethics

When we trace the origin of business ethics the profit maximization is stand as the only purpose of existence for a business, no consideration whatsoever for non-economic values, be it the people who worked with organizations or the society that allowed the business to flourish. Generally it was seen in late 1980's and 1990's that both intelligentsia and the academics as well as the corporate began to show interest in the same direction.

Significance of Ethics

Ethics in practice that makes sense; it just having carefully drafted and redrafted in bookish form may not serve the purpose, rather than all of us want businesses to be fair, clean and beneficial to the society. Organizations need to abide by ethics or rule of law, engage themselves in fair practices and competition; all of which will benefit the consumer, the society and organization.

Religion

Religion wields varying influences across various sects of people as it is one of the oldest foundations of ethical standard. Ethics believed in a manifestation of the divine and so it draws a line between the good and the bad in the society. It depending upon the degree of religious influence, different sects of people; referred as orthodox or fundamentalists or called as moderates. Needless to mention, religion exerts itself to a greater degree among the orthodox and to lesser extent in case of moderates.

Culture

Culture is a pattern of behaviors and values that are transferred from one generation to another considered as ideal or the acceptable limits. No wonder is the culture that predominantly determines what is wrong and what is right. It is the culture that defines certain behavior as acceptable and others as unacceptable. Human civilization in fact has passed through various cultures, wherein the moral code was redrafted depending upon the epoch.

Law

Laws are procedures and codes of conduct are the statuary provision system of the state, meant to guide human behavior within the social fabric. The major problem with the law is that all the ethical expectations cannot be covered by the law and specially with ever changing outer environment the law keeps on changing but often fails to keep pace. In business, complying with the rule of law is taken as ethical behavior, but organizations often break laws by evading taxes, compromising on quality quantity, service norms etc.

Of all the organizational issues or problems, ethical issues are the most difficult ones to handle or deal with. Issues arise in employment, remuneration and benefits, industrial relations and health and safety.

Ethics in Production

Ethics in production is a subset of business ethical to ensure the required production functional activities without damaging to the consumer/society and to adhere the code of conduct/standards to be followed, however ensuring this is and complied is difficult.

Dilemma of Ethics in Production

There are certain processes involved in the production of goods and get slight error in the same that can degrade the quality severely. In certain products the danger is greater i.e. a slight error can reduce the quality and increase the danger associated with consumption or usage of the same exponentially. The dilemma therefore lies in defining the degree of permissibility, which in turn depends on a number of factors. Bhopal gas tragedy is one example where the poisonous gas got leaked out due to negligence on the part of the management.

In Science and Technology

Businesses today are technology and innovation driven. There is huge competition in the sphere and therefore like other industry or business function ethics is essential. Ethics by itself is only a tool to create good morals. Every day we have innovative products and services that announce their arrival in the market place and others that go obsolete. It innovation of science technology that leads to ethical issues, considering the competition to stay ahead by innovating is immense. Many issues data mining, invasion to privacy, data theft and workplace monitoring are common and critical.

In International Trade

International business ethics emerged quite late globally compared to the business ethics that came up in 1970's. It was only in late 1990's that the international business ethics came to the fore especially so after the economic developments that occurred on a global scale. In 1990's many businesses from the developing countries expanded their operations and became multinational. The transactions between businesses

and the governments increased as a result which gave rise to many practical issues included culture and relativity factors which are the prominent. Other ethical issues in the context of international business are dealt with the laws of the land; although all of them fall within the ambit of international business ethics.

In Private Property

Economic liberals (defined as those who support a private sector-driven market economy) consider private property to be essential for the construction of a prosperous society. They believe private ownership of land ensures the land will be put to productive use and its value protected by the landowner. If the owners must pay property taxes, this forces the owners to maintain a productive output from the land to keep taxes current. Private property also attaches a monetary value to land, which can be used to trade or as collateral. Private property thus is an important part of capitalization within the economy.

Myth in Ethics

Practically business ethics at the workplace connotes an alignment between what the organization values and how to go about it. It means that the all the day to day operations or activities carried out by employees are in tandem with the organizational policies without any deviations. There are however lots of myths that surround business ethics and their relevance and effectiveness. Many management thinkers and philosophers believe that business ethics alters people's values. They cease to be what they are, which comes in way of realization of their full potential. Instead business ethics should be about managing values and conflict resolution. Conflict management is what they stress the most upon.

Resolving ethical issues

In a business management setting mangers are put to test when they face the challenge of resolving an ethical dilemma. Often certain situations do not fall in the ambit of procedures or the official code of conduct and this is when the managers feel the heat. The problem with ethical decision making is that a decision in itself cannot be taken in a vacuum; one single decision affects lots of other decisions and the key is to strike a balance to ensure a win-win situation is arrived upon.

Though there are no golden rules to resolve ethical issues but managers can take a number of initiatives to resolve ethical issues. A brief description is given below.

Introduce ethical Management program

Ethics Management Programs are designed by an organization or an employer as an attempt to have formalized structures for ensuring the organization is perceived as fair, honest, responsible and to adjust comfortably. The Ethical programs globally are need to designed keeping four things in mind:

- Considering oneself and the organization as part of the larger social framework.
- Considering the development and welfare of others (internal and external customers) to the extent possible.
- Respecting the traditions / rituals (organizational diversity) of others.
- Evaluating a situation objectively and the consequences thereof.

Challenging ethical decision making in the business management

Decision making involves a great degree of value clarity, ethical decision making involves more. Unlike certain financial, inventory and production decisions, ethical decisions cannot be coded into digital machines. They require critical thinking and evaluation.

What makes ethical decision making so difficult? Why cannot ethical decisions be programmed like other decisions? What leads to dilemmas in ethical decision making? In the coming paragraphs we try to answer all these questions. We also try to understand basic difficulties involved in ethical decision making.

An Why Study Ethics?

Even granting that business ethics is important, many seem to believe that there is no point in studying the subject of Ethics more. Ethics means is something you (manger) feel, not something you think. Finance, marketing, operations, and even business law lend themselves to intellectual treatment, but ethics does not.

The idea of ethics has no intellectual content is odd indeed, considering that some of the most famous intellectuals in world history have given it a central place in their thought (Confucius, Plato, Aristotle, Maimonides, Thomas Aquinas, etc.). Ethics is in fact a highly developed field that demands close reasoning. The Western tradition in particular has given rise to sophisticate deontological, teleological and consequentialist theories of right and wrong. No one theory explains everything satisfactorily, but the same is true, after all, in the natural sciences. Even when they grant that ethics has intellectual content, people often say that studying the field will not change behavior. Character is formed in early childhood, not during a professor's lecture as stated by my Supervisor.