# Perspective of Business Ethics in Present Competitive Scenario

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**ABSTRACT**
Non cooperation with the evil is as much a duty as is co-operation with good" said by Mahatma Gandhi-father of nation. Henry Ford had said "Business that makes nothing but money is a poor kind of business."Business organizations should follow ethical practices because unethical organizations fail in due course of time (e.g. Enron). A company gets enthusiastic response from its employees as well as customers for following ethical practices. This lead to increase in the productivity of the organization. Business organizations know that in order to survive in the prevailing cut throat competitive scenario they must retain the customers and acquire the new ones which can be possible if they adhere to the ethical practices. Ethical companies are liked by both customers as well as employees. Besides this, their competitors also have positive feelings towards them & want to follow their practices for success.

## Introduction

The ethics is derived from the Greek word-Ethos which means customs denoting good/bad, moral & immoral that can improve human conditions & quality of life of people. Ethics is also termed as moral philosophy. It is an important part of society from times immemorial as it describes the different aspects of morality like good & evil, right & wrong, virtue& vice, justice & injustice.

The history of ethics varies from civilization to civilization and place to place. Ethics were part of our culture as we see from religious text-Lord Ram Chandra was one of the best followers of ethics. All our religious texts, epics, oration etc depicts & emphasized on the significance of ethics in every forte of our life. The ethics has moved a long way since its inception when we look at the world of civilization. It moved from ancient civilization of Mesopotamian to Egyptian, religious & various ethical thinkers have put down their different views of ethics for governing the society in a smooth way. This was followed by Biblical ethics (which says that God is intensely concerned about human acts). In the middle Ages, Thomas Aquinas developed a combination of biblical & Aristotelian ethics called Natural Law Theory i.e. nature of persons is responsible for what is right or wrong.

Business can't survive in vacuum; it operates in society and thereby effects and is affected by the society. Business utilizes the resources of society and gives to society its product, services, technology, thus satisfies human needs and wants. The two way symbiotic relationship must be in good state for the overall development of society. For this to happen business have to follow ethics. As a result of which the brand image of the business organization flourishes in the national and international arena.

## Objectives of the study

This paper studies the business ethics in today's perspective and focuses on how ethical culture be strengthened , challenges for the business organizations in following ethical practices and how ethical practices can be implemented.

In the era of globalization no business enterprise can survive alone if it is not having the ethical culture. The existence of a business organization depends on the culture of its own combined with the culture of the society and the market in which it is operating. Organizational culture is a set of assumptions, believes, values and norms that are shared by their organization members. An ethical culture leads to good ethical practices in the organization.
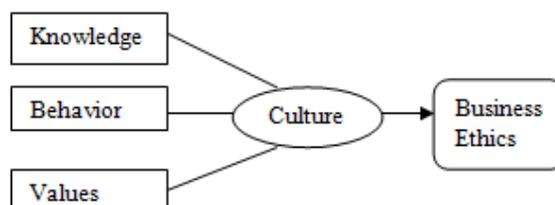


**Fig.1 Conceptual framework of ethics**

Culture consists of pattern, explicit and implies of and for behavior acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts, the essential core of culture consist of traditional (that is historically derived and selected) ideas especially their attached values, cultural systems on the one hand, be considered as products of action on the other, as conditioning elements of future action. Culture of a business organization consists of various elements ranging from latent cognitive elements such as assumptions, values, beliefs to more manifest elements such as artifacts & symbols (schein 1985; Kotler & Heskett 1992; See hui 1999).Ethics remain the basic ingredient for the success of all these factors.

**To build and strengthen an ethical culture a business organization should do the following:**

- The founding members should lay down the values, beliefs and assumptions for the people working in an organization which would make the foundation for the business enterprises and set up the direction of working of organization in future.
- Habit of reinforcing the ethical culture should be encouraged to get the optimum results.
- Collaborative culture should be encouraged i.e. as employees of a business enterprise are working together for the success of the business they should collaborate with each other but they generally refused to do so because of the fear of the loss of jobs.
- Culture should develop a policy of awarding individuals who are giving their best results so as to develop the motivational work force.
- Ethical culture should focus on developing the sense of harmony in the organization although the workers are from different backgrounds.
- Ethical culture can be strengthened if it is clearly stated and communicated so as to have clear understanding of it.
- Practices of taken for granted should be avoided by the organizational culture.
- Ethical culture should focus on the need of a universal language of the organization so that organization can prosper

easily and is able to avoid different grievances, misconception, grapevine etc.

- Ethical culture should strengthen employee's attitude towards business, attitude towards work & attitude towards time and future.

An effective way of developing ethics could by developing effective strategic approaches for it. These strategic approaches came into existence with the Drucker's concern for influences of business decisions to ethical business behavior (DRUCKER 1993).

Drucker (1993) pointed out that management must consider influences of current business decisions to ethical behavior of corporation. Lane's strategy approach (1991) defined as ethics strategy which considers importance of converging the economic interest and ethical requirement in the business based upon on both social welfare and profit maximization.

**Challenges in implementing business ethics**
It has become a major challenge for the business organizations to survive in the market place with proper ethical behavior or ethical practices. Following are the challenges for the business enterprises:

- **Corruption**: Corruption prevails all over the society whether we observe government department or the bureaucracy which is providing the legal network to run the business. The corrupt practices which are followed are nepotism (showing favor to certain employees or individuals) flattering, bribery etc.
- **Transparency**: Business organization usually flout the ethical practices for their personal profits thus depicting a non transparent behavior in all their works including recruitment, selection, performance appraisal, financial transactions etc. They depict rosy picture in financial statements thus giving mass misleading information about them.
- **Legal practices**: Legal procedures are becoming too complex for the business organization as a result of which they violate rules and regulations according to the need and requirement of the organization thus breaking the ethical practices very easily.
- **Internal environment of the business**: A bad practice of favoring different sections of employees on the basis of caste, creed and religion adversely affects the performance of business. The top management should follow the ethical practices which favor equal and fair treatment to all the employees of the organization thus giving them a sense of security and safety.
- **Competitive practices:** Practices such as hoarding, rigging, inside trading, false advertisement etc. are followed by business organizations in order to capture the market share. These should be avoided and organizations should follow ethics and face competition in a healthy manner.

**Implementation of business ethics**
Implementation of ethics in business in a correct way can maximize the profits of all sections of society. A code of ethics may be developed for the implementation process because ethics may vary from country to country so a code of ethics may generalize certain universal ethics principle across the globe in any country. So for implementation of ethics the support of top management is required the code of ethics should be communicated; monitored and enforced in business organization. Favorable ethics can change the reputation and brand image giving a signal to internal and external parties that the organization is committed to ethical behavior; creating a cohesive corporate culture and guide and influence behavior within the organization.

Organization can integrate ethics into normal channel of strategies, decision making and training managers in decision skill that incorporate ethical principles and values. Training groups can be formed from the employees and these groups can go for ethical training program one by one. Managers will take care of ethics from top to bottom in the hierarchy.

For implementation of ethics following ethics models can be used:
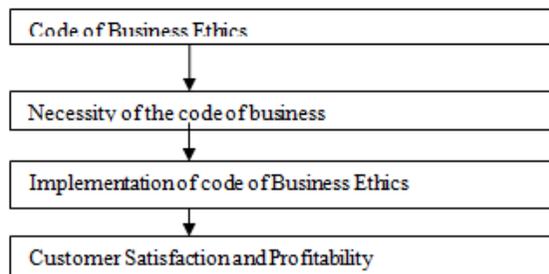


Fig. 2 Business Ethical Model 1

This model of business ethics depicts the importance of code of business ethics. The code of ethics is important because its implementation will guarantee customer satisfaction and profitability in business.
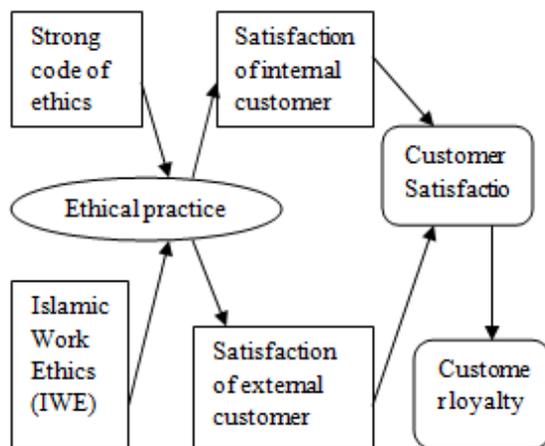


Fig. 2Business Ethical Model 2

In this model ethical practices can be maintained by a strong code of ethics or value of Islamic ethics. Ethical practices will lead to satisfaction for internal as well as external customers. Internal customers are employees from different departments. When they feel that there is no discrimination between them they feel happy and satisfied. External customers include parties which are not directly affected by organization as they usually not the employees of the organization. They are usually purchasers, users, persons who influence the sales. External customers perceive how the organization image is perceived in outer business world. So, they became satisfied as a result of this. Since both the parties (internal as well as external) are satisfied it generated loyalty. Since customers become loyal they are considered permanent customers of the organization which results in more sales, revenue and thus great profits.

Thus, implementation of ethical practices creates large profits and improves the organizational performance.

**Conclusion**
The paper has tried to focus on different aspects of ethics in present competitive scenario. In today's world ethics in business has become very much challenging due to changed atmosphere of business due to liberalization, privatization and globalization. The great benefit of using ethics is that it helps in managing the business efficiently and thus satisfying various parties attached to business whether internal (employees and management) or external (customers, suppliers, government and society at large).

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