

Business Ethics in Global Business Environment



Commerce

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ABSTRACT

All persons whether in business, government, University or any other enterprise are concerned with ethics. Business ethics is concerned with a systematic study of morals, truth and justice it strives to provide methods to distinguish between actions and attitudes that are detrimental for business and those that are sound ethically and inspire business. The more fundamental problems stems from the fact that ethics has usually in theory and teaching not consistently been related to other management discipline such as economics and finance. This paper discusses many issues related to low wage rates, exploitation of employee poor labour safety laws and many other due to unethical practices adopted by business houses.

INTRODUCTION :

The literal meaning of business ethics is to work under well accepted and established norms of business. In other words, observance of truthfulness in business. Business ethics can also be defined in terms of social and ecological responsibility of business. According to this view, business ethics require those business decisions which are not made exclusively from the narrow economical perspective, but also from social and ecological concern. That way social & ecological factor also play pivotal role in the business ethics. In other words, it means that interest of all the relevant parties in business is acknowledged or taken into account. Ethical issues include the rights and duties that are observed between a company and its employees, suppliers, customers and neighbours. Thus business ethics strongly concentrate on the question of how individual business executives and single firms can improve their performance in ethical matters in the context of business life.

OBJECTIVES OF STUDY:

Ethics are the moral principles and values that tell us about human behaviour. Morals are concerned with what is right or wrong. Setting ethical objectives is the process by which organization apply ethical values to their targets and the actions by which they achieve them. Business has to face some of the following issues which have ethical dimension:

- i) Should they produce at low cost in the developing economy and compromising with other crucial issues?
- ii) Should they pay minimum wage rates to their employees and exploit them economically?
- iii) Should they transfer their production units to other countries which are prone to hazard and non observing labour safety laws?

A good business house will always ensure the observance of the above significant aspects/parameters. The journey of such business houses is very smooth giving lot of business mental satisfaction.

Why are Business ethics important:

Ethics concern an individual's moral judgement about right and wrong. Decision taken within an organization may be made by individual or groups but who so ever makes them, will be influenced by the culture of the company. Ethical behaviors and corporate social responsibility can bring significant benefits to a business. For example, they may:

- i) Attract many more customers for their products.
- ii) Make employees comfortable and encourage them to stay with the business and raise productivity.
- iii) Reduce recruitment cost and enable the company to get the most talented and responsive employees.

- iv) Attract more investors and keep the company's share price high.
- v) Ensure which ethical norms should be applied and followed in global business environment and which should not be.
- vi) See what parameters form a set of universal ethical norms that are acceptable to all and could be applied in global business environment.

In other words, we can safely say that unethical behaviors or lack of corporate social responsibility may damage the reputation of the firm.

Objective of Business Ethics –

Ethics are the moral principles and values that analysis human behavior. Morals are concerned with what is 'right' or 'wrong'. Business ethics are, therefore, the moral principles that tell us about business behaviors, Whether actions carried out by organization and their employee are morally acceptable must, however, be judged in the content of the society and the times in which they operate.

An ethical business is one which applies a set of moral principle to all interactions with stakeholders, such as its treatment of employees, customers, suppliers and shareholders. Setting ethical objectives is the process by which organizations apply ethical values to their targets and the actions by which they will achieve them. There ethical values should cover all the actions of the organizations from tactical to strategic. Business may be faced with some of the following issues, which have ethical dimensions:

- i) Should we promote products that might damage health?
- ii) Should we employ migrant labour to cut costs?

If the company does adopt an ethical approach, it may have a number of benefits including:

• Improved motivation among employees:

Many employees will be more committed if they can see an ethical approach adopted by the company.

• Reduced labour turnover :

Improved motivation is also likely result in improvements in the recruitment and retention of staff, who will be more loyal to an ethical company.

• Improve customer Perception:

Consumers will often react Positively to a more ethical approach and this may be used as a unique selling point for the business.

However, an ethical approach to business operations may have a

number of potential problems. There may include:

i) Higher Cost:-

Using ethically sourced raw materials, or producing in a way that is more ethical, is likely to raise costs. If the company is able to use the ethical consideration to develop the brand, then this may not be a problem, but if they are in a highly price competitive market then it may be more of an issue.

ii) Problems with Suppliers:-

Suppliers may not hold the same ethical views as the firm and this may lead to possible conflicts. It may also make sourcing suppliers more problematical

iii) Lower Profit:-If the higher costs cannot be passed on to the consumer, then this is likely to lead to lower profitability for the firm.

So ethics may be a subjective concept, varying from country to country and culture to culture and of course, from individual to individual.

ETHICAL THEORIES –

The organization managers compete for information, influence and resources. Three basic types of moral theories in the field of normative ethics have been developed.

a) Utilitarian Theory :

This Theory suggests that plan and actions should be evaluated by their consequences. Idea behind this is that plans and actions should produce the greatest good for greatest number of people.

b) Theory based on rights :

This theory provides us some basic rights like right to freedom, free speech, and many other rights.

c) Theory of Justice :

This theory suggests that decision maker be guided by fairness and equity as well as impartiality.

HOW TO RAISE ETHICAL STANDARD IN INDIA:

There are two factors that raise ethical standard that are publicity and increased concern of a well informed public. These factors must be followed by government regulation and by education. Unethical managers should be held responsible for their actions. The tops managers should create an organization environment that promote ethical decision making by institutionalizing ethics. Ethical issues should be applied in daily actions. This can be accomplished by:

- o Applying code of ethics
- o Appointing ethics committee
- o Teaching ethics in management development Programs

The publication of code of ethics is not enough. Managers should also take any opportunity to encourage and publicize ethical behavior. Employers should be motivated to report unethical practices. Many good examples of ethical practices must be presented before employees. Appointment of committee must be considered essential. This committee should hold regular meetings to discuss ethical issues, communicating the code to all members of organization, enforcing the code, checking the possible violations of code, furnishing violations updating the code, reporting activities.

Just including the topic “Business Ethics” in study is not enough but regular lectures must be delivered in higher education institutions

Matter that must be included in Code of ethics for Government Services:

A code must be established by Indian government which contains the following things:

1. Any person in government service put loyalty to highest moral principles.
2. He should give a full day labour for a full day's pay.
3. He should seek to find and employ more efficient and economic ways of getting task completed.
4. He should make no private promise of any kind binding upon the duties of office.
5. He should not engage in business with government directly or indirectly which is inconsistent.
6. Never use any information provided by government to make private profit.
7. Avoid corruption wherever discovered.
8. Never discriminate unfairly by dispensing of special favours to anyone for remuneration.

CONCLUSION :

In brief, it can be said that ethics is a large concept which vary from country to country and culture to culture and of course from individual to individual. A further element that makes ethics must is in the growing impact of consumer association in developing countries that closely monitor how a product is produced. In addition the ethical and unethical behavior of state and business leaders must be under scrutiny. New corporate model must be more transparent for investors, suppliers, customers, so that investor can trust on position and employee can feel free to report unethical and unfair practices. Today business ethics has become the need of HOUR. So it must be practiced all over the world. Only then many issues like environmental pollution, global warming can be handed and our India can become a developed country.

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