

Ethical and Unethical Activities in Business (Conceptual Study)



Commerce

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ABSTRACT

Business ethics is the study of rightness and weakness of the acts that involved in the production & exchanges of goods and services. It is a set of moral principles and rules of conduct applied to business. Every organization including small industries also helps in country's growth. Business ethics are moral values and principles that determine our conduct in the business world. It refers to the commercial activities, either with other business houses or with a single customer. They can be applied to all aspects of business; from generation of an idea to its sale. Business use the society for its resources and functioning, thereby obligating it to the welfare of the society. Many organizations now implement the code of ethics in their company policies, which they implement during induction and regular training. A Code of Ethics "is generally a more blanket statement of values and beliefs that defines the organization or group" Ethical activities create good will to the organization. It includes Investors, Employees, Customers, Competition, Government etc; The lack of business ethics in the market, is the reason the world economy is presently in crisis. Unethical activities include monopoly, tax evasion, destroying competitors etc. will affect business environment. We should overcome these unethical behaviors by giving proper ethical trainings to the employees.

INTRODUCTION

Ethics is the study of morality. It is the value that is worth pursuing in life. It is honorable behavior. Ethics is relative. What is honorable in one society may not be honorable in another. It depends on several factors: world views, descriptive values and moral values. It is a function of the environment. What one salesperson may consider being an unethical marketing behavior, another salesperson may perceive it as an aggressive marketing strategy. By using various types of ethics we can change our country.

Ethics can be illustrated with the popular story of a millionaire who built an Olympic size swimming pool for his evening enjoyment. He filled the pool with many crocodiles of different types and sizes. His idea of enjoyment is to watch these crocodiles swim every evening. At the completion of the construction of the swimming pool, he invited all the elites of the city to its dedication. As people were eating and drinking, an announcement was made by the host, over the public address system, that if any young man was bold enough to swim across the swimming pool, he would be given one of two things: a real estate that worth's \$1 million or his only beautiful daughter in marriage. Before he finished his announcement, a young man jumped into the swimming pool, to the surprise of everyone, swam across the pool and got out without a single bruise on his body.

The millionaire ran to him, gave him a big hug and asked him what he would like to receive out of the two. The young man said he did not want any of them and that the only thing he wanted was, he wanted to know the bastard who pushed him into the swimming pool. That is ethics. The young man told the truth. He did not want any of the two rewards promised by the millionaire because he did not, on his own, jump into the pool. He was pushed by an unknown person. The millionaire too behaved honorably. He did not believe anyone could jump into the swimming pool to swim across. Since somebody did, he was still willing to stand by his words. He did not say he was not willing to give his only daughter in marriage to a stranger.

DEFINITION

According to Thomas J.Adams "Business ethics deals with the values of what is right and wrong, good and bad , normal and immoral in business relationship" It is also the study of rightness and weakness of the acts that involved in the production & exchanges of goods and services.

ETHICAL BUSINESS PRACTICES:

Ethical business practices define that "to build an honest reputation and ensure smooth running of the organization". Follow-

ing are the few Ethical practices

- Investors: Ensuring safety of their money and timely payment of interest.
- Employees: Provision of fair opportunities in promotions and training, good working conditions and timely payment of salaries.
- Customer: Complete information of the service and product should be made available. Personal information of the customers should not be used for personal gain.
- Competition: Unscrupulous tactics and methods should be avoided while handling competitors.
- Government: Rules and regulations regarding taxes, duties, restrictive and monopolistic trade practices and unlawful activities like corruption and bribing should be adhered to.
- Environment: Polluting industries should ensure compliance with the government norms regarding air, water and noise pollution.

ADVANTAGES OF ETHICAL ACTIVITIES

- Higher revenues – demand from positive consumer support.
- Improved brand and business awareness and recognition.
- Better employee motivation and recruitment.
- New sources of finance – e.g. from ethical investors.
- Improved in economic growth and peoples standard of living.

UNETHICAL BUSINESS PRACTICES:

Unethical business Practices define as "The financial sector is abuzz with acts of violation of norms to amass wealth in an unethical manner". Following are the few Unethical practices

- Resorting to dishonesty, trickery or deception.
- Distortion of facts to mislead or confuse.
- Manipulating people emotionally by exploiting their vulnerabilities.
- Greed to amass excessive profit.
- Creation of false documents to show increased profits.
- Avoiding penalty or compensation for unlawful act.
- Lack of transparency and resistance to investigation.
- Harming the environment by exceeding the government prescribed norms for pollution.
- Invasion of privacy used as leverage, for obtaining personal or professional gains.
- Sexual discrimination.
- Polluting the environment.
- Destroying the competitors.

HOW TO OVERCOME UNETHICAL ACTIVITIES

We can overcome these unethical activities by using following strategies.

1. First and foremost thing to do is to follow honesty which is the best policy. Make sure you and your employees are honest in dealing with colleagues, consumers or vendors. You must follow honesty when reporting your business earnings, expenses, payment to employees and vendors and while giving information to customers.
2. Deal with a complaint immediately, whenever there is a complaint whether from a vendor or customer attend to it immediately. Do not ignore complaints and grievances of employees, just running away from this situation will make matters worse and this is not an ethical way of dealing with complaints. Try to take the situation under control by helping the customer and vendor and solving their complaints. Neglecting or ignoring complaints will damage your reputation in the long run.
3. Many companies following unethical business practices try to cover the problem rather than correcting it. They will try to bribe people concerned and spread rumors to hide the problem. This type of practice is unethical and must be avoided. Whenever there is a problem it needs to be addressed immediately and mistakes must be solved if required you must apologize to the concerned people. Customers always remember the company that has admitted their mistakes rather than companies that hide their mistakes that are found later.

4. Most of the time the product of the company is faced with problems when certain things used in the making of the product are banned recently or are harmful to its users. In this case if you are practicing ethical business you will withdraw the product from the market and make consumers aware of its harmful effects without thinking about the sales of the product. During such times the honesty of the company is tested. You have to find out the problem of the product and replace it the market after rectifying it.
5. When ever any problem arises in a business due to the mistake of its employee then the mistake is of the company and not only of the employee. It is unethical to pass the blame on employee alone; in this case the company must accept the responsibility and fire the concerned employee. The public will blame the company for its mistakes and will not know which employee has committed the mistake.

CONCLUSION

The lack of business ethics in the market, is the reason the world economy is presently in crisis. Organizations now recognize the positive effects and outcomes of being ethical, humane and considerate. They have a competitive edge in the market, because of the honesty they show in their services. Their morally upright reputation attracts better staff and helps in retention. Though ethics are legally binding in most cases, self-monitoring, transparency and accountability will go a long way in establishing trust of the people. Besides this, it makes sense to change, before you are penalized.

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