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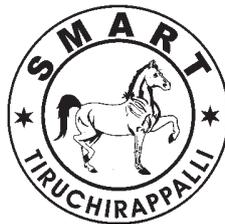
PERSPECTIVES OF BUSINESS ETHICS

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Abstract

Ethics is a set of rules and principles which define right or wrong of doing. The business ethics is the application and extension of ethical rules to the business behaviour. The performance of the individual organizations and societies can be studied to determine the ethical significance of the society. The human rights constitute another criterion for judging the ethics. The major source of ethical confusion in business is the conflict that occurs when the company pursues its own goals. The organisation is finding itself in difficulties with social values when the society is undergoing radical social changes. The traditional business value system leads the firm to take actions which are considered to be unethical by different groups in the society. The business firm can improve its ethical performance by encouraging managers to set a good ethical behaviour for employees. Ethics Committees can be created to consider the ethical dimension of the firm's policies and practices, conducting ethics audits and emphasizing in-training programmes in ethics.

Ethics is a set of rules and principles which define right or wrong of doing. It also refers to the systematic study of these rules and principles. Ethical rules embody the idea of morality and notions of what is morally right and good and things considered to be morally wrong and bad. The business ethics is the application and extension of ethical rules to the business behaviour. The business decisions and behaviour may be judged as ethical or unethical depending upon the decisions that promote or threaten the value standards of individuals and society in which the business firm operates. The performance of the individual organizations and societies can thus be analysed to determine the ethical significance of the society.

The Ethics of Social Utility

There is a difficulty in measuring the social and human costs. The firm's economic benefits and costs in closing the outmoded plant may be calculated and compared to society's economic gain in terms of greater productivity from the newer plant. But there is a difficulty in measuring the drop in employees' morale, disruption of family life and mental stress of aged workers. Moreover the rights of the less privileged segment may be overtaken by the majority in the society. The human rights constitute another criterion for judging the ethics. The limitation of applying the rights to ethics is a difficult task in balancing the conflicting rights of the individuals. The protection and promotion of human rights is an important benchmark for judging the behaviour of the persons and the organizations.

The Ethics of Justice and Fairness

Justice refers to the fair distribution of burden among the people in the society. It is expressed in terms of some commonly agreed rules and principles which govern the society. A business firm's pricing of products may consider to be fair and just to the society. A competitive rules of the free market may produce products at socially desirable level of prices. It can be applied to the wages of the employees also. Each society must have to work out its own basic values for establishing the equity and justice among the people. But these rules may vary from society to society and region to region.

The Ethical Issues and Problems Involved in the Business

The business firm employs the persons whose personal values are less than desirable. But the ethical qualities of the individuals are difficult to anticipate and measure them for weeding out ethically undesirable elements from the organization. Embezzlement of the corporate funds and diverting the inventory to elsewhere are organizationally undesirable. There is every reason to believe that no business firm employs ethically undesirable elements. But the unethical behaviour of employees cannot be eliminated due to lack of perfect screening system during induction into the organization.

Conflict of Personal Values and Orgasational Goals

The major source of ethical confusion in the business is the conflict that may occur when the company pursues its own goals which are not acceptable to a section of employees. However protesting employees are not troublemakers. But they try to perform the work through internal company procedures to correct the problems that may crop up in the organization in due course. The contrast between their own personal values and procedures in the company will create an ethical dilemma and vacuum in the end.

Organisational Goals Versus Social Goals

The organization may find itself in difficulties with social values when the society is undergoing radical social changes. The traditional business value system may prompt the firm to take actions which are considered to be unethical by different groups in the society. However some business firms have to work with unethical behaviour of individuals for not aligning their policies with the public welfare. More-over some business firms are aware that there is a public shift in values and attitudes in the society.

Where does the ethical burden lie when the firm sells goods known to be actually or potentially harmful to the society at large? One school of thought, the defenders of liquor sales, believes that there is an ethical burden on the consumers for alcoholism. It is said that no one is forced to drink or overeat and everyone has a right to do so. When the legitimate business firms suspend their operations, the black-marketeers sans public scrutiny, will soon flood the product to meet the demand in the market. But the ethical duty of the seller is to warn and protect the society from the possible risks of using or overusing the product. Another school of thought points out that the social burden is imposed on the society due to higher health costs and insurance rates. These costs will tilt the balance in favour of a strong social control over the business firms which are selling the risky products. Further it may call for public debates, seminars to forewarn the younger generation of a possible addictive dangers and consequential remedial measures.

The decision makers of business firms look into other ethical situations like price fixation, business firms garnering the benefits due to customers using the scarce industrial resources at a rapid pace and crossing the cultural boundaries of the society.

Management of Business Ethics

Any business firm would like to have changes by taking corrective measures to improve its ethical posture. The awareness of values by managers have a greater influence on the policies, practices and decisions of the business as they will set the ethical tone of the organization. There is a conflict between the personal values of the managers and goals of their

business firm. Both will have an influence on the decisions and actions taken by the managers. While considering the business decisions, the managers ought to give preference to the ethics of the society.

Managerial Values

Ethical values influencing the managers at work are service to customers, company loyalty, organizational efficiency and achievement of higher productivity. Tolerence, obedience, equality, compassion, security and autonomy are the values least likely to be used by the managers at work. Manager's values are normally responsibility, capability, accountability, honesty, imaginative, logical and ambitious. Some admirable values having least effect are loving, forgiving policy, clean and obedient. The influence of organization on the managers is one of the reasons for value preferences. Another reason is the feeling of professional responsibility towards the work. When the business firm is made more effective through efficient and good management, the other goals can easily be achieved without much fanfare.

Organisational Pressure on Managers

A strong organizational pressure is identified as a tool for encouraging the unethical business behaviour. The manager can conceive the situations where there is a sound business ethics for smooth running of the organization from top to bottom. But when there is a pressure from the top to achieve the goals immediately, lower rung will compromise with goals and it ruins the society at large. At times managers do make some unethical decisions because of the indifferent behaviour of the superiors. The values and attitudes of the managers are the two critical factors to determine ethical performance of the business firm. A strong ethical leadership and setting up of a high ethical tone through their own behaviour are the essential ingredients for the smooth and effective management of the organization.

The Ethical Performance of the Organization can be Improved by Considering the Following Suggestions

1. The code of ethics may be formulated in the business firm. The codes are developed to define organizational purpose, establish an uniform ethical climate in the organization and provide guides for consistent decision-making. When the mangers face ethical decisions, these codes will help them to consider what is right in the organization.

2. The Ethics Committees may be created to consider the ethical dimension of the business firm's policies and practices. They are called Public Policy or Social Responsibility Committees. They can inject ethics in the policy formulation of the business firm.

3. Ethics Audit: The codes not only relate to public relations but also identify the ethical acts. A proper functioning of the ethical codes may encourage the effectiveness of the firm. The business firms can undertake the organizational audit of the ethics. The audit will attempt to uncover the opportunities for unethical behaviour of the employees in the organization.

4. The in-training program in ehtics may be conducted to the managers and employees. Some persons may have personal values but they do need help in knowing how to relate their views to the situations at work. These programs may provide insights through simulated studies.

In conclusion, self-developed code of ethics will improve the ethical behaviour of the individuals in the business firm.

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