

**BUSINESS ETHICS IN INDIA****Gouri M. Desai***K.J Somaiva College of Arts and Commerce (Mumbai)***Abstract**

India being a developing country; it has vast economic potential. It the world's largest market for manufactured goods & services & ranks no 3 out of 141 economies. According to WEF's Global Competitive index. But doing business is a troublesendevour because of corruption, fraud and unethical practices. Ethical business is the important organ of society which creates and ads revenue to the country's economy. This paper explains the need and importance of business Ethics over the unethical practices which is responsible to the development of our country

**Keywords:** Business Ethics, Ethical Decision Making, managerial Dilemmas.



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**Introduction**

The word ethics is derived from the Greek word *ethos* which means character. Ethics is a branch of philosophy concerned with human characters & conduct. It is the discipline dealing with what is good & bad & with moral duty, & obligation eg. Honesty, obedience, equality, fairness, respect & then doing right thing.

Ethics isn't a new concept. It has been with us for thousands of years, except that its importance is dawning us only now. Our ancient literature - *Vedas, Puranas Ramayana Bhagwat Gita, Bible, Guru Granth Sahib* and *Kuran* are full of moral values ethical code of conduct. *Manusmriti Samhita* incorporates earliest code of ethics in India.

Indian religion has always been associated with philosophy. The *Vedas* (1100 BCE) talked about 4 basic goals of existence:

- 1) Prosperity.
- 2) Satisfaction of desires.
- 3) Moral duty.
- 4) Salvation.

*Upanishads* distinguished between law & ethics: ethics come from Inner desire

**Business Ethics**

According to John Donaldson "Business Ethics can be described as the systematic study of moral (ethical) matters pertaining to business, industry or related activities, institution or practices and believes. It is systematic handling of values in business and industry.

When business people speak about business ethics they usually mean one of three things

- 1) Avoid breaking the criminal law in one's work-related activity.
- 2) Avoid action that may result in civil law suits again the company.
- 3) Avoid action that are bad for the company's image.



Business ethics is an art & science for maintaining harmonious relationship with society, and its various groups & institutions as well as recognising the moral responsibility for the rightness and wrongness of business conduct - Wheeler. A business or a company is considered to be ethical only if it tries to reach the trade-off between pursuing its economic objectives and its social obligation that is between its obligation to the society where it exists and operates; its obligation to its people due to whom it can even think of pursuing economic goals; to its environment from whom it takes so much without it demanding anything that can return and the like.

### **Importance of Business Ethics**

- Attract customers to the firm's product that the boosting sales and profit.
- Make employees want to stay with the business reduce labour turnover and therefore productivity.
- Attract more employees to work for the business, reduce recruitment cost and enable the company to get the most talented employees.
- Attract investors and keep company's stock price high thereby protecting the business from takeover.

### **Literature Review:**

A review of the current literature regarding business ethics was conducted analysing Scholarly peer-reviewed articles about business ethics and their relation to leadership, Managerial decision making. Corporate social responsibility and overall corporate Structure. Increased corporate scandals and the discovery of a rise in unethical business Practices have thrown the topic of business ethics into the spotlight. Organizations are expected by their stakeholders to implement strong ethics within their corporate structure and culture. This expectation could be accomplished through strong ethical leadership, Formal structures and regulations that place emphasis on ethics, and by making a Commitment to corporate social responsibility. Using these guidelines will help Organizations overcome the various challenges allowing the business to build a strong Ethical foundation that will ultimately benefit the company through increased customer And employee satisfaction, which could result in increased profits, organizational Sustainability and social status The review of the literature reveals that there is still plenty of room for exploration on the Topic of business ethics and particularly with the topic of ethical leadership. It is Recommended that more focus be placed on understanding the influence of strong ethical Leadership within an organization and how this influence flows down the organizational Structure. Once this flow of influence is understood, exploration is necessary to identify the Best procedures for developing and sustaining strong influential leadership ethics within the organizational structure.

### **Objectives**

- To get information about business ethics in India
- To study the characteristics of business Ethics.
- To know about ethical decision-making process to solve ethical dilemma.
- To study the ethical scenario in India.

### **Scope:**

The general intend of this study is to know business ethics from Indian point of view. This study will mainly identify and assess the skill of making ethical decision and the importance of ethical business over the unethical one. The study limits its coverage on the present situation in Indian business world

### **Research Methodology:**

This paper is prepared by using Secondary method of data collection and Case Study Method.



Case Study Method is a systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest [Bromley,(1990)]

### Main Content

At most of times in business profit maximization and discharging of social responsibilities at the maximum limit, cannot be carried on simultaneously. The one is bound to affect the other. For example, Concern for Task (productivity) and concern for Human beings (workers) are bound to pull each other in opposite direction. It is difficult, if not impossible to maximize both together.

A conflict arises in trying to achieve both simultaneously. Hence many managerial choices represent Managerial Dilemmas between profit consideration and social consideration of the organisation. Many managerial decisions have ethical implication on and these decisions give rise to Managerial Dilemmas.

For example, ruining occupation of age-old inhabitants in a particular locality and their ethical way of life, by using advanced technology is an ethical dilemma. technological advancement has to come, have to be used; however, what to do with the people whose life and earnings are affected by the utilisation of advanced technology is a question which is difficult to answer.

### Ethical and Unethical practices by Companies

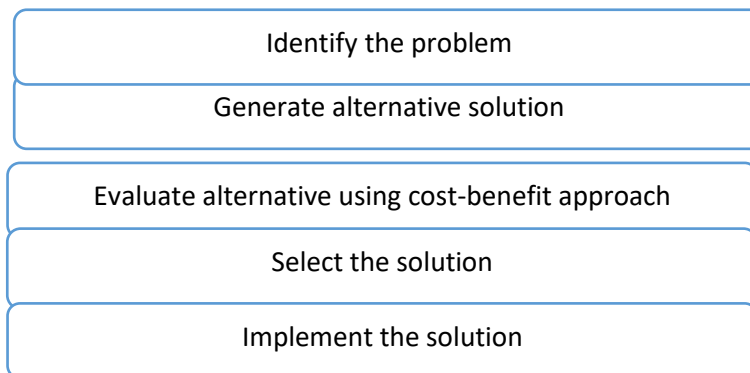
Ethical practices	Unethical practices
<b>Towards investor:</b> ensuring safety of their money and timely payment of interest.	<b>Towards investor:</b> Investors principal amount do not return on time, showing a false accounting.
<b>Towards employees:</b> Provision of fair opportunities in promotion and training good working condition and timely payment of salary	<b>Towards employees:</b> Do not provide timely payment of salaries and incentives.
<b>Towards consumer:</b> Complete information of the service and product should be made available personal information of the customer should not be used for personal gain	<b>Towards Consumer:</b> To provide false information of product and provide inferior product.
<b>Towards competition:</b> Unscrupulous tactics and method should be avoided while handling competitors.	<b>Towards competition:</b> Copying of product of another organisation.
<b>Towards government</b> Rules and regulations regarding taxes, duties, restrictive and monopolistic trade practices and unlawful activities like corruption and bribing should be adhered to.	<b>Towards government:</b> business exploit tax loopholes to avoid paying tax to the government so companies can legally dodge the tax.



<b>Towards Environment</b> Polluting industries should ensure compliance with the government norms regarding air, water and noise pollution.	Towards environment: Harming the environment by exceeding the government prescribed norms for pollution.
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**ETHICAL DECISION-MAKING PROCESS:**

Kitson and Campbell has been developed five step structure of ethical decision making process.

**Characteristics of ethical decisions:**

- ❖ **Right:** that which is morally correct and due.
- ❖ **Equitable:** that which is just and equal.
- ❖ **Good:** that which brings in the highest good for all concerned.
- ❖ **Proper:** that which is appropriate and acceptable.
- ❖ **Fair:** that which is honest and due.
- ❖ **Justice:** that justice is not only done it is also seen to have been done.

All over the world again and again it has been demonstrated that it is only ethical organisation that have continued to survive and grow, where as an unethical one have shown results only as a flash in a pan, quickly growing and even more quickly dying and forgotten.

**Code of ethics for Indian industry:**

- Inclusive business.
- Accountable business.
- Transparent business standards.
- Fair competition.
- Equal opportunities employer.
- Health safety and environment.

**Indian Scenario in Business Ethics.**

When business ethics becomes more important than the business itself, magic happens. The business organization attains a stature totally unheard of, in the history of business ethics itself. Tata Group of Industries, Wipro, HDFC are some examples of ethical businesses in India

Take the Tata group, as an example. Some years ago, the Tata group suffered a setback, when one five-star property in Mumbai was caught in the terrorist attack. The Government stepped in and the militants were shot dead. However, the damage to the property ran into several thousands of crores.

Ratan Tata, the then Chairman, did something that is totally out of the world. He in fact taught the world some lessons in business ethics. Every single person who was affected, including those like the pav bhaji vendor outside the hotel, was offered compensation running into several lakhs of rupees. The education of children of those affected, free medical facilities for those survivors and dependents at Tata hospitals for the rest of their lives, total education of the 46 children who were affected by the bomb blast but survived, to be taken up by the Tata group, in total, and formation of a Trust for the rehabilitation of the families of the victims. Tata himself visited the families of each of the 80 employees affected by the bomb blast, and offered compensation running into several lakhs of rupees.

This was business ethics at its best. The story did not end there. Rs.10,000 per month was also offered as compensation for policemen who had nothing to do with the blast at the hospital, but were involved elsewhere. Ratan Tata had clearly spelt what the Tata group stands for, to this day.

**Conclusion**

Business Ethics is the effective way to create and maintain a productive and ethical culture within the organization. Ethics help to improve the business ethical decision-making with the appropriate knowledge and tools that allow them to correctly identify, diagnose, analyse, and provide solutions to the ethical problem and dilemmas they are confronted with day-to-day decision making having implications for the stakeholders.



Business malpractices have the potential to inflict enormous harm on individuals, communities, and the environment. Ethics seeks, to improve the human condition by focusing on the causes and consequences of these malpractices being done by the business organisations.

Businessmen get acknowledgement from the employees for a higher amount than the amount actually paid. This type of practice cannot be controlled by anybody without the whole hearted co-operation of businessmen. The observation of business ethics is only in the hands of businessmen.

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