



# BUSINESS ETHICS IN PRACTICE

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## Introduction

Globally, all stakeholders associated with any business feel comfortable in an environment where the fundamentals of ethical business practices are best protected and practiced. It is time for any business that goes global or act local to get serious about the moral aspects and social implications of decision making. There are a good number of evidences in the global scenario that the organisations adhere to ethical business practices are able to meet out the expectations of all the stakeholders satisfactorily. The ultimate task must be considered by every manager is to be more than simply meeting performance expectations. Performance goals must always be achieved through ethically and socially responsible action. The attitude to practice good business practices could be well evidenced basically by the mission and vision of an organization. The mission of Infosys is "to achieve our objectives in an environment of fairness, honesty and courtesy towards our clients, employees, vendors and society at large". Its vision is "to be a globally respected corporation that provides best-of-breed business solutions, leveraging technology, delivered by best in-class people". Moreover Infosys has set standards in every business activity- best campus, best working environment, best employer, most transparent dealings, highest quality standards- as well as the highest ethical standards, never seeking any deviant benefits from the government. It would be interesting but not shocking to know the most telling message that Infosys gives out to any discerning observer is its motto:

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*Powered by intellect and Driven by Values.* Knowing the importance of adhering to the best business practices to reap the fruit of success, some of the ethical practices need to be followed and being practiced by the well-known organisations are presented in this paper.

## What is Ethical Behaviour?

People have mixed opinion regarding the state of ethical values in society. While some people are pessimistic at the decline of ethical and moral fabric of society, others are optimistic and believe that positive and negative changes are happening. However, most of the people are unanimous in expressing the opinion that it is very important to maintain high ethical standards in order to survive and prosper. Ethics is a branch of philosophy. It deals with the principles of right and wrong behaviour and moral choices made by individuals in their relationship with the rest of the community. It includes the standards of behaviour and the rules governing the members of a profession or business. Ethical principles and standards are formulated by individuals from time immemorial for the common good of the society and they differ from one society or region to another. According to a research, which was based on four indicators i.e. individualism, power distance, uncertainty avoidance and masculinity, conducted by Hofstede (1983), there is a great deal of differences among values across different nations and consequently the business ethics.

## Ethical Practices

Ethical practices do not specifically address every potential form of unacceptable conduct, and it is expected that the owners and employees of an organisation will exercise good judgment in compliance with the principles set out. They have a duty to avoid any circumstance that would violate the ethical practices. The following are some of the valuable ethical practices, every responsible and efficient organisation should follow:

**Fair Dealing** - The owners and the employees of a Organisation shall deal with others in a fair manner and ensure "Respect for every Individual". Unfair dealing and disrespect to any individual would attract disciplinary action.

**Compliance with Laws, Rules and Regulations** - any activity undertaken in the name of an organisation that would violate the laws of the concerned country is strictly prohibited. Particular attention is directed to the Laws, rules and regulations relating to discrimination, securities, equal employment opportunity (EEO), antitrust, civil rights, transactions with foreign officials, safety and the environment.

**Protection and Proper use of organisation's resources** - Everyone in an organisation is prohibited from using the business resources, confidential information or position for personal gain. The resources should be used only for the legitimate business purposes.

**Discrimination and Harassment** - The organization should be committed to providing a workplace free of discrimination and harassment based on race, color, religion, age, gender, national origin, disability or any other biases. It would be the endeavour of everyone in an organisation to see that the work place is free from such discrimination and harassment. If any Officer or Associate is discriminated against, he/she may lodge a formal complaint of discrimination or harassment to the respective authorities.

**Accounting and Reporting** - All accounting records should accurately reflect and describe the business transactions. The recordation of such data must not be falsified or altered in any way to conceal or distort assets, liabilities, revenues, expenses or the nature of the activity. All public disclosures made by the organisation, including disclosures in reports and documents filed with or submitted to the Statutory Authorities shall be accurate and complete in all material respects.

**Gifts and Other Benefits** - No one works for the organisation or any member of his or her immediate family, shall (directly or indirectly) solicit, accept or retain any gift, entertainment, trip, discount, service, or other benefit from any organization or person doing business or competing with the organisation, other than (i) modest gifts or entertainment as part of normal business courtesy and hospitality that would not influence, and would not reasonably appear to be capable of influencing, such person to act in any manner not in the best interest of the organisation or (ii) acceptance of a nominal benefit that has been disclosed to the organisation.

**Confidentiality** - All confidential information concerning the organisation is the property of the organisation and must be protected. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Organisation or its customers, if disclosed. The employee concerned must maintain the confidentiality of such information entrusted to him/ her by- the Organisation, its customers and its suppliers, except when the organization authorizes disclosure or required by law.

**Strategic recruitment and selection** - Recruitment and selection of employees at any level of management in a organisation should be done considering the Mission and strategic business objectives of the organisation. At present Globally,

companies are striving to gain competitive advantage by appointing and retaining Quality workforce. When the employees are selected on line with the requirements of the strategic business objectives, the crucial problem of high labour turnover could be eliminated considerably. It would certainly facilitate the prosperity of an organization. Companies like Infosys attracts the best and appropriate human resource by promising good emoluments, conducive working environment and suitable plans for the career development. It attracts human resource from the global labour market, not just from India. Strategic selection of suitable human resource is the core aspect behind the successful and fast growth of companies namely Microsoft, Infosys, Hewlett and Packard and Dell computers.

**Provision of Conducive working environment** - It is a must to provide a suitable and good working environment for the employees to work productively. Companies like Tata steel, Dell Computers and Infosys very strongly believe that provision of a good working environment helps employees to perform better and arrive at job satisfaction. Naturally the satisfied employees tend to have job involvement as well as organization involvement. Moreover the good working environment is a non-personal communication tool that facilitates building good image in the minds of the stakeholders who get exposed to such environment. Therefore, the investment in the creation of a good working environment is said to be an investment on the non-personal communication tool that in turn builds positive image.

**Community service** - Corporate social responsibility much emphasizes the need for every corporate citizen to serve not only the target consuming public but also the community at large in all possible ways. By virtue of it, every organisation be it National or Multi-national involves in serving the community in the places of operation by assisting them financially or non-financially in the activities taken place for the enhancement of welfare of people in such communities. Some of the activities financed or supported by companies are namely either free education to the children residing in the neighborhood or sponsoring their education, free health care programme, preference in employment, participating in the local celebrations, etc. An example that evidences such activities is that Tata Steel's operating units have all adopted the Tata Business Excellence Model, an integral part of which is Corporate Social Responsibility. About 12-14 percent of its PAT (Profit After Tax) is set aside for the welfare of the people. The Tata code of conduct enjoins every organisation of the Group to act responsibly in the interests of the nation where it operates. Recognized as a benchmark for Corporate Social Responsibility in India, Tata Steel is among few Indian Companies to be invited to join the UN sponsored Global Organisation Forum, comprising organizations committed to translating the UN decreed principles of human rights, labour and environment into practice.

**Integrated Communication** - It is believed that one-core contributory for the success of any organization is "Integrated Communication". It means that everyone let him or her be an employee or someone from outside carry out the organisation's activities should speak ONE LANGUAGE. It is important that everyone represents the organisation to its stakeholders should have a good knowledge about the organisation's policies, procedures, activities, etc and speak the same without any deviation that would facilitate building good image for the organisation in the minds of all its stakeholders. Failing to adhere to Integrated Communication leads an organization to leave the stakeholders with a confused positioning or image about the organisation.

## Factors Influencing Ethical Behaviour

People are often challenged to choose ethical courses of action in situations where the pressures may be contradictory and great. Increased awareness of the factors influencing ethical behaviour can help anyone better deal with them in the future. There are three factors influencing ethical behaviour namely, Manager as a person, Employing Organisation, and External environment.

**Manager as a person-** Family influences, religious values, personal needs, financial and otherwise, will help determine a person's ethical conduct in any given circumstance. Managers who lack a strong and consistent set of personal ethics will find that their decisions vary from situation as they strive to maximize self-interests. Those who operate with strong ethical frameworks will be more consistent and confident since choices are made against a stable set of ethical standards.

**The employing organization-** The organization is another important influence on ethics in the workplace. The immediate supervisor can have an important effect on the employee's behaviour. Just exactly what a supervisor requests, and which actions are rewarded or punished, can certainly affect an individual's decisions and actions. The expectations and reinforcement provided by peers and group norms are likely to have a similar impact. Formal policy statements and written rules are also very important in establishing an ethical climate for the organization as a whole. They support and reinforce the organizational culture, which can have a strong influence on member's ethical behaviour.

**The External environment-** Organisations operate in external environments composed of competitors, Government laws and regulations, and social norms and values, among other influences. Laws interpret social values to define appropriate behaviours for the organizations and their members; regulations help governments monitor these behaviours and keep them within acceptable standards. The climate of competition in an industry sets a standard of behaviour for those

who hope to prosper within it. Sometimes the pressures of competition further to the ethical dilemmas of managers.

## Conclusion

It could be well evidenced that there are few organizations being successful worldwide, though they don't follow the ethical practices. But it is a point worth noting that they are all unable to sustain their success for a long span of time. Moreover, such organizations are not recognized by the society at large as good Business citizens. If someone asks a question, "Why might otherwise reasonable people act unethically?". There are at least four common rationalisations that may be used to justify misconduct and other ethical dilemmas. The four ways of thinking about unethical behaviour are (1) Convinced that the behaviour is not really illegal (2) Convinced that the behaviour is really in everyone's best interests (3) Convinced that nobody will ever find out what is done and (4) Convinced that the organisation will protect the individual who has adopted a pattern of behaviour for the interests of the organization. Even though someone either justifies or gets convinced him/herself with the unethical behaviour quoting any one of the above mentioned four rationalized thinking for unethical behaviour, doing or standing above the law and social morality is not acceptable as ethical practice. The organizations adhere to ethical practices could enjoy a good number of benefits. To name a few, namely protecting own image, Keeping the business involved to act ethically for fulfilling its commitment to the society, Meeting the various stakeholders' expectations, Protecting the organization from abuse of the employees and competitors, Creating a conducive environment for employees to be consistent with the organisational values and Acting as an agent of social change. It is always ethical for a businessman to obey the laws even though he may personally believe them to be unjust or immoral. If he feels that laws are unjust, he can seek remedy through proper procedure and not through disobedience of those. Therefore, it is concluded that Ethics within organizations is a must, as only then, that can be conveyed through the activities they perform.

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