

THE IMPORTANCE OF BUSINESS ETHICS IN GLOBALISATION -A STUDY

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ABSTRACT

Globally,Every business is on a wild race to acquire more and more mostly by short cut means. In the process of acquire they are doing the things which are not acceptable by society. The term business ethics should be understood from all angles of the society. The sense of deceit always breeds a sense of distrust and skepticism that kills the business image. Trust breeds trust and a natural goodwill in the heart, good business ethics are necessary for such natural trust and goodwill. The productivity can be defined as a day to improvement and zeal to perform better to-day then yesterday this is possible when there is ethics. Therefore business ethics must be charted out very carefully, commercially and they should sound in value that should be valuable to the society. In this context of this paper presents ethics need, views of eminent and facets of ethics for creative Human Resource.

Key Words: Business Ethics, Globalisation,Ethics Need,Human Resource etc.,

Introduction

Globalization” refers to the growing interdependence of countries resulting from the increasing business on integration of trade, finance, people, and ideas in one global marketplace. International trade and cross-border investment flows are the main elements of this integration. Globalization started after World War II but has accelerated considerably since the mid-1980s, driven by two main factors. One involves technological advances that have lowered the costs of transportation, communication, and computation to the extent that

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it is often economically feasible for a firm to locate different phases of production in different countries. The other factor has to do with the business increasing liberalization of trade and capital markets: more and more governments are refusing to protect their economies from foreign competition or influence through import tariffs and nontariff barriers such as import quotas, export restraints, and legal prohibitions. A number of international institutions established in the wake of World War II—including the World Bank, International Monetary Fund (IMF), and General Agreement on Tariffs and Trade (GATT), succeeded in 1995 by the World Trade Organization (WTO)—have played an important role in promoting free trade in place of protectionism. Empirical evidence suggests that globalization has significantly boosted economic growth in East Asian economies such as Hong Kong (China), the Republic of Korea, and Singapore. But not all developing countries are equally engaged in globalization or in a position to benefit from it. In fact, except for most countries in East Asia and some in Latin America, developing countries have been rather slow to integrate with the world economy.

From the dawn of our creation, our ultimate desire has been to find happiness. This desire is in the nature of things; it is common to all of us, at all times, and in all places. Nature, the material of the universe, is modified by us to create wealth so that this desire may be satisfied. Today, at the dawn of the Third Millennium, our civilisation has scored its greatest successes in the material sciences. Our glory is the willing application of these achievements to daily life: they have brought us enormous benefits. However, in our understanding of the forces governing the relations between people in society we have shown little aptitude. So tragic is this failure that we have turned the masterpieces of the material sciences into engines of destruction which threaten to annihilate the civilisation which produced them. This is the challenge of our time: we must either find the way of truth in the government of our relations one with another, or succumb to the results of our ignorance.

Many philosophers and theologians throughout history have reminded us that there are two forces at work in society, the material and the spiritual. If either of these two is neglected

or ignored they will appear to be at odds with one another: society will inevitably become fragmented, divisions and rifts will manifest themselves with increasing force and frequency. It is clear that this is exactly what has happened today. We have a situation of disequilibrium and disharmony. Only the reawakening of the human spirit, of love and compassion, will save us from our own worst extremes. Physical wealth must go hand in hand with spiritual, moral and ethical wealth.

Today, despite a five-fold increase in economic growth and a twelve-fold increase in global trade since the Second World War, a massive economic inequality exists, an 'economic apartheid', both within and between nations. The globalised world economy faces a catastrophic series of socio-economic, political, cultural, spiritual and environmental crises, as well as a crisis of security, and they are all threatening the fabric of society, and life itself.

Business Ethics is recognized as an important area for discussion by both industry and academics in recent times. This is indeed a very welcome trend. Till the last few decades, Business Ethics was considered as a most conflicting term. The popular concept was that if it is business it can not be ethical, and if it is ethical, it cannot be a business implying that business can make profits only through immoral ways. But of later it has been realized that only ethical companies which discharged their social responsibilities and welfare of the society have survived competition and turbulent changes through the years and have continued to flourish and prosper. Therefore more and more interest and importance is being given by the corporate houses to the application of the ethical values in business.

The term business ethics should be understood from all angles. It is argued that it is unethical to resort to profiteering on one hand and it is unethical to incur losses. For the simple reason that a company which cannot make profits and incurs losses is a liability on the system by wasting scarce resources creating the problem of unemployment etc. Thus instead of profits being contradictory to ethics, business ethics dictates that the first responsibility of the business is to remain profitable and generate revenue for all the stakeholders viz.,

shareholders, employees, government, customers, public etc., of the society.

Business ethics is a form of applied ethics. It aims at inculcating a sense of value orientation within company's employee as to how to conduct business responsibly. Because the term 'ethics' can pose problems in the international context, i.e., the term does not translate well into action and it is difficult to find a common understanding. Some organizations choose to recast the concept of business ethics through other terms like integrity, social responsibility, customer welfare, employee welfare, social value added, transparency and disclosure in accounting and environmental protection.

Objective of the Study

In this globalization it is proposed to study the qualitative growth of the company which depends upon the ethical behavior, strategies, policies and relationship maintenance in it and with outside society. The employer must create an environment which inculcates ethics in their day-to-day productivity. The productivity can be defined as day to improvement and zeal to perform better today than yesterday, this is possible when there is ethics. Further more this paper presents ethics need and facets for creative Human Resource.

Eminent views

It is difficult to define and describe business ethics because it is a multi-dimensional aspect affecting all factors of production. The dictionary meaning broadly connoted it as association with morality and concerning the matter of right and wrong. Hanson 'in his dictionary of Commerce and Economics says that ethics is the study of morals and the conduct of the businessmen'. The term ethics is derived from Latin word ethicus which means - character and manners. Over the centuries the connotation of ethics underwent many changes. In 1589 it was described as 'treating of moral questions' and in 1785 'it is broad end to mean the rules of conduct recognized in certain branches of human life. Since business is a branch of human life; business ethics means a set of rules for conducting the business activities in the context of morals of the society. In other words it is a code of conduct of businessmen like producers, marketers, traders etc. Encyclopedia of Britannic clearly focuses on the relevance of medical ethics, political ethics etc. In brief it is a set of

standards acceptable to all the concern.

Some Pause for Thought and Reflection

There is at the core of the celebration business of markets relentless tautology. If we begin by assuming that nearly everything can be understood as a market and that markets optimize outcomes, then everything leads back to the same marketize! If, in the event, a particular market doesn't optimize, there is only one possible conclusion: it must be insufficiently market-like. This is a no-fail system for guaranteeing that theory trumps evidence. Should some human activity not, in fact, behave like an efficient market, it must logically be the result of some interference that should be removed. It does not occur that the theory mis-specifies human behavior. --*Robert Kuttner*

This focus on money and power may do wonders in the marketplace, but it creates a tremendous crisis in our society. People who have spent all day learning how to sell themselves and to manipulate others are in no position to form lasting friendships or intimate relationships. Many Americans hunger for a different kind of society one based on principles of caring, ethical and spiritual sensitivity, and communal solidarity. Their need for meaning is just as intense as their need for economic security. -*Rabbi Michael Lerner*

The only possible alternative to being the oppressed or the oppressor is voluntary co-operation for the greatest good of all. -*Errico Maletesa*

All public resources go to the rich. The poor, if they can survive in the labour market, fine. Otherwise, they die. That's economics in a nutshell. -*Noam Chomsky*

In all recorded history there has not been one economist who has had to worry about where the next meal would come from. -*Peter Drucker*

The purpose of economic theory is to make those who are comfortable feel comfortable. -*Lord Balogh*

From the point of view of the economy, the sale of weapons is indistinguishable from the sale of food. When a building collapses or a plane crashes, it's rather inconvenient from the point of view of those inside, but it's altogether convenient for the growth of the gross national product, which sometimes ought to be call the 'gross criminal

product'. -*Eduardo Galean*

It is difficult to get a man to understand something when his salary depends upon his not understanding it. -*Upton Sinclair*

This association of poverty with progress is the great enigma of our times. It is the central fact from which spring industrial, social, and political difficulties that perplex the world, and with which statesmanship and philanthropy and education grapple in vain. From it come the clouds that overhang the future of the most progressive and self-reliant nations. It is the riddle that the Sphinx of Fate puts to our civilization, which not to answer is to be destroyed. So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent. -*Henry George*

A reasonable estimate of economic organisation must allow for the fact that, unless industry is to be paralysed by recurrent revolts on the part of outraged human nature, it must satisfy criteria that are not purely economic. -*R.H. Tawney*

I confess that I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human beings. -*John Stuart Mill*

Equality, because without it there can be no liberty. -*J.J. Rousseau*

Until he extends the circle of his compassion to all living things, man will not himself find peace. -*Albert Schweitzer*

Courage, like compassion, is one of the great ingredients of the success instinct in man. Courage that demands that you stand up for your rights and the rights of others, the kind of glorious courage that built our nation, courage to live with compassion not aggression, courage to live in hope not despair, courage to surmount crises instead of being overwhelmed by them, courage to build self-reliance, courage to accept a mistake instead of rebuking yourself for not being perfect – these are the true aspects of courage! -*Maxwell Maltz*

The anti-globalists are right to remark that the 'feeling' in our economy is not very good. This is because our economy lacks any sort of spiritual inspiration ... People need to look for meaning in life, as well as just doing business.-*Dr H.J. Witteveen, Ex-President Of IMF*

I would define globalization as the freedom for my group of companies to invest where it wants when it wants, to produce what it wants, to buy and sell where it wants, and support the fewest restrictions possible coming from labour laws and social conventions.-*Percy Barnevik, President Of The Abb Industrial Group*

Ethics is the indispensable interface between my desire to be happy and yours.-- *The Dalai Lama*

Today perhaps more than in the past, we realise that human beings are linked by a common destiny which we have to construct together if catastrophe for all is to be avoided. From anguish, fear and escapist phenomena like drugs, the idea emerges that the good to which we are all called and the happiness to which we aspire cannot be obtained without effort and commitment, renouncing personal selfishness. - *Sollicitudo Rei Socialis (1987)*

Every economic decision and institution must be judged in the light of whether it protects or undermines the dignity of the human person.-*Economic Justice For All*

The Gandhian philosophy based on social responsibility of all the people concerning ethics is much acceptable. Gandhi believed that:

- i) Accumulation of wealth is immoral.
- ii) Richest gifts must be destroyed without compensation and hesitation if they hinder moral progress.
- iii) Ethical behaviour is reflected in character based on honesty, integrity and truthfulness, and
- iv) Without character there is no cooperative effort whether in business or in any other activity.

Ethics is the moral code of human behaviour in a given profession or group function. Business ethics in a sense looks at an organization as a citizen and member of the society and

is made up of what is morally right. It is humanizing the enterprise by incorporating non-economic moral issues in the economic fabric of the organization which is being respectful to the society.

Ethics, according to Swami Vivekananda, cannot be derived from the mere sanction to any personage. Some eternal principle of truth has the sanction of ethics. According to him, the fundamental themes of ethics and morality suggest: Do not injure others, love everyone as your own-self because the whole universe is one. The individual's makes one different from all other things and beings. This difference creates all sorts of hatred, jealousy, misery, struggle and all other evils through a spell of sacrifice, people transcend to a height of divinity which makes one as great as to making him eager to sacrifice life even for a little insect.

Ethics says, 'Not me But you'. The doctrine of oneness shows that faith in oneself brings forth faith in others. As Vivekananda says, 'Love for yourself, means love for all, love for universal, love for everything'. Man is individual and at the same time universal. It is while realizing our individual nature that we realize even our national and universal nature. He talks about individual saying. "Each is an infinite circle whose centre is everywhere and circumference nowhere". Universal selfhood in man establishes the intrinsic oneness and removes all sorts of conflicts arising out of the differences and separations.

Need of Ethics

In the present world having severe and all pervasive deterioration of values, practices of hypocrisy in pursuit of self-interest, corruption, egoism, violence and pursuit of material wealth is prevalent everywhere. Everyone is on a wild race to acquire more and more, mostly by shortcut means. There is no end of desire. Further criminalization of the fractured polity, nexus with the underworld dons, unethical exploitation of religion, corruption, prevalence of terrorism and trade union militancy are pointers to the burning need of steering a value based course to the existing 'cause and effect syndrome'. It is a challenging and uphill journey for individuals, organizations, nations and is perhaps the last opportunity for heralding an era of world peace and harmony, rather than resulting in third world war or mass scale annihilation.

It is in this context that values and ethics have its significance.

Ethics is needed to business for several reasons as stated below:

1. **Ethics corresponds to basic human needs:** It is a human trait that man desires to be ethical; not only in his private life but also in his business affairs where, being a manager, he knows his decisions may affect the lives of thousands of employees. Moreover, most people want to be part of an organization which they can respect and be publicly proud because they perceive its purpose and activities to be honest and beneficial to the society. Most top managers would like to respond to this need of their employees and they themselves feel an equal need to be genuinely proud of the company, they are directing. These basic-ethical needs compel the organizations to be ethically oriented.
2. **Ethics create credibility with the public:** A company perceived by the public to be ethically and socially responsive will be honored and respected even by those who have no intimate knowledge of its actual working. There will be an instinctive prejudice in favour of its products, since people believe that the company offers value for money. Its public issue will attract an immediate response.
3. **Ethics give management credibility with employees:** Values are supported to be a common language to bring leaderships and its people together. Organizational ethics, when perceived by employees as genuine, create common goals, values and language. The management has credibility with its employees precisely because it has credibility with the public, neither sound business strategy nor a generous compensation policy and fringe benefits.
4. **Ethics help better decision making:** Another point of great importance is that an ethical attitude helps the management make better decisions, i.e., decisions which are in the interest of the public, their employees and the company's own long term goal even though decision making is slower. This is so because respect for ethics will force the management to take various aspects like economic, social and ethical into consideration in making decisions.

5. **Ethics and profits:** Ethics and profits go together. A company which is inspired by ethical conduct is also a profitable one. Value driven companies are sure to be successful in the long run though in the short run they may lose money.
6. **Law cannot protect society, ethics can:** Ethics is important because the government, law and lawyers cannot do everything to protect society. Technology develops faster than the government can regulate. People in an industry often know the dangers in a particular technology better than the regulatory agencies. Further, government cannot always regulate all activities which are harmful to society. Where law fails, ethics can succeed. An ethically-oriented management takes measures to prevent pollution and protection of workers' health even before being mandated by law.

We can see 'Components of ethical climate' in the following diagram.

Ethical Criteria	Focus of ethical concern		
	Individual person	Company	Society
Egosim	Self-interest	Company interest	Economic Efficiency
Benevolence	Friendship	Team interest	Social responsibility
Principle	Personal morality	Company rules and procedures	Laws and Professional codes

(Source: Frederic, Post and Davis, *op.cit.* p.85)

FACETS OF BUSINESS ETHICS

Business ethics is not concerned merely with not bribing to get things done. In other words, a businessman does not become ethical simply by not accepting or offering bribes. That would be a too restrictive and narrow view of what essence is applicable to every human act. Business ethics covers the whole amount of activities, including quality, keeping to promises, transparency in reporting of financial performance, not avoiding taxes, and so on. We shall briefly look at six of these areas in detail.

1. **Hawking poor quality products:** This ought to be against any businessman's

‘dharma’. It is the duty of every entrepreneur to ensure that he gives products of the highest quality to his customers. The pursuit of quality through TQM and TPM and with whatever the method is a lifetime engagement. There are no permanent benchmarks. One needs to surpass all benchmarks and break records set by one-self, as far as quality is concerned.

2. **Keeping promises:** This is something that is essential for survival in any business. It could be promises made to customers, employees or contractors. It is in the enlightened self-interest of entrepreneurs to honor the promises they make, because business is built on trust and relationships which will get eroded the moment an entrepreneur is seen lacking in integrity and honesty. In today's outsourcing environment, this acquires great importance.
3. **Window dressing:** Companies resorting to window dressing to attract investments and those fudging the balance sheet to cheat the workers of their rightful entitlements, whether bonus or exgratia payments are indulging in unethical practices as much as a person who sells adulterated foods and medicines. Present consumers need transparency in business concern's financial statements.
4. **Supra Normal Profits:** This is something dear to monopolies and mostly attempted by short run and fly by night operations. For the long haul, it is essential that we share the benefits with all those who are part of the business. If we squeeze the suppliers too much, we can be let down in a critical situation. The same is true with customers and also with employees. The objective of a business is not just to maximize the shareholder's values, but rather to deliver balanced value in a manner that benefits all the stockholders and society. Milking the customers can give benefits in the short run. But will end up ruining the relationship built over a long period of time. Relationships are more precious than short term profits. Several studies in the US report that it costs six times as much to develop a new customer as it does to sell to an existing one.

5. **Compliance with laws and statutes:** To be a good clean and corporate citizen in the country in which the business operates, is a moral duty for any business. Laws prohibit theft, enforce contracts, set limits to advertising and reinforce many other moral norms. Flouting or circumventing law is sometimes seen as a smart thing to do, but in the long run it is not the right policy. We must also remember that what is ethical need not always be covered by law. Often the law underscores only the non-negotiable minimum.
6. **Concern for the local community:** In the area, in which your factories and offices are located, it pays to develop a harmonious relationship with the local community apart from providing employment to local people and in addition, every company can contribute to some social cause. A few organizations have instilled such a sense of purpose into their employees, that it has become a reason why they exist. They have transformed noble and lofty sentiments into a heartfelt response from their employees, customers and stakeholders. Now organizations like Microsoft, Infosys, GE etc. are stepping with social service by providing funds.

One clear differentiation in the public mind between one company and another is a company's civic and ethical character. The interface between the corporation and society is now much faceted and very complex technology, deregulation, instantaneous communication and the power of size and scope, all make businesses subject to global pressures. Standards do differ between countries as to what is acceptable in business conduct, is well known that eastern countries, at least in theory, tolerate a much higher level of speed money, commissions, and favours in kind enough the rest of the world.

Being ethical, a business of course cannot be achieved by one person alone. Yet the leader, the CEO, has the duty to spell out what the organizations stand for, its beliefs, values and what it will and what will not accept. The leader must begin by being uncompromising in being a good law abiding citizen himself and make it clear that he proposes to lead a company that behaves as a good corporate citizen.

Conclusion

What makes the ethics and values in business special relevant and topical in the present day context in the world, the fact that we are on the threshold of environmental changes of far-reaching consequences. Owing to the happenings on the political scene, the winds of change being brought about by the force of globalization, liberalization, privatization and new digitalization, challenges being faced by managers today is to somehow reconcile the pragmatic demands of works to the call of the inner voice which somehow prevents them from using unethical means for achieving organizational goals.

The sense of deceit always breeds a sense of distrust and skepticism that kills the business image. Trust breeds trust and a natural goodwill in heart, good business ethics are necessary for, such mutual trust and goodwill. Therefore business ethics must be charted out very carefully; commercially they should be sound to be values that should be valuable to the society. The single most important factor in improving the climate for ethical behavior in organizations is the actions taken by top managers, in addition to setting examples by their own behaviour. Top managements should establish clear policies that encourage ethical behaviour. All employees who observe or become aware of criminal practices or unethical behaviour should be encouraged to report the incident to their superiors. Management training seminars and orientation meetings that include discussion of actual situations can alert employees to potential ethical conflicts and serve to communicate the organizations code of ethics.

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