

Managing Ethics in the Changing Business Scenario**Dr.Sateeshchandra Joshi,**

Associate Professor,

Vidya Pratishthan's Institute of Information Technology,

Baramati, Maharashtra, India

Abstract:

Managing ethical behavior is one of the most pervasive and complex problems faced by modern business organizations today. Employees' decisions to behave ethically or unethically are influenced by a countless of individual and situational factors. Background, Personality, Decision History, Managerial Philosophy, and Reinforcement are a few of the factors. These are the determinants of employee's behavior when faced with ethical dilemmas. A model for understanding ethical behavior in business organizations is proposed.

Managing ethics in business organizations requires that managers should engage in a concentrated effort. It would involve promoting ethics, behaving ethically, developing a screening mechanism, providing ethical training, creating ethics units and reinforcing ethical behavior.

This study has focused on areas such as:

- Manpower Planning and Ethics
- Selection and Ethics
- Creating Ethical Values in Business
- Ethical Interpersonal Relationships
- Policy design

The researcher attempts to design a code of conduct to promote Ethical Behavior.

Introduction to Ethics:

It is a concept relating to what is good or bad and having to do with MORAL duty and obligation. Here *moral* has been considered as one relating to principles of right and wrong.

This definition is derived from the dictionary. Now let us understand the definition of “*ETHICS*” in general:

“ETHICS” is the name one gives to general concern for good behavior. One feels an obligation to consider not only own personal well-being, but also that of others and of human society as a whole.

Business Ethics involves being fully aware of what one is doing, including the consequences and complications of his/her actions. The point to think here is what is being ethical in business. Some simple norms that need to be followed could be:-

- (a) Compliance with the rules- like, laws of the land. It could also be described as “think global and act local”, and trying to meet the expectations of the community.
- (b) The principles of good behavior or rather an accepted norm of behavior in business.
- (c) The fair policies of the organization
- (d) The effect of products and services of an organization on the society in general.
- (e) The effect of actions of its members on its employees, the community and society as a whole, either positive or negative.

When and where do people develop Ethical Values.

- (a) Is a person born knowing right and/ wrong?
- (b) Do the values develop in a vacuum or thin air?
- (c) Do the lives of the people ever come to a point of time when their ethical values are set and tested?

As per history and philosophy of ethics, infants would not survive without nurturing, wherein the infant is taught about the right and wrong behavior. In reality, the society, a series of nurtures and teachers influence the ethical views of each individual. The series of nurtures and teachers begin right from the time the woman conceives. The nurturing begins from the womb of the mother. (Garbha Sanskar- as per Hindu Mythology, belief and custom).

The norms of ethical behavior have been developed throughout the ages in all the cultures. Listed below are several of the philosophies, institutions, and individuals that have influenced the conduct of an individual.

- (a) Mother (b) Father (c) Sibling (d) Other relatives (e) Friends (f) Mentor (g) Religious Leader (h) Religious Writings (i) Educators (j) Friends/ young groups (k) Idols/Heroes etc.

Each individual, philosophies, institutions influence the conduct of a person:

Mother: Going back to the ancient history, "Abhimanyu" had learnt the art of entering the Chakravyuha in his mother's womb. This happened because his mother read and taught him the skills; spoke to him when he was in her womb. The placenta connects the baby's brain to the mother.

Another example: A child gets more emotional if he/she gets more influenced by the mother. Now the effect of being emotional if it continues will undergo emotional trauma.

Father: The father though physically/biologically not connected to the child still transfers some of the values through genes. These genes may convert the child into a strong person or a weak person (emotionally).

Now as he/she is growing up, he/she is coming across a lot of people around him/her apart from his/her parents. They also influence the development of values in a person.

Eg: Shivaji Maharaja and Sambhaji Maharaja. The tactfulness of Shivaji Maharaj was not found in Sambhaji Maharaj. The reason could be that Shivaji Maharaj was not available when Sambhaji Maharaj was growing up.

Sibling: If a child by birth is docile but his/her sibling is arrogant/ adamant may be this child also at times would get arrogant for a simple reason that may be he/she feels that people would pay more attention and secondly it would help him/her/ in getting the work done.

Other Relative: These people are a major influential lot as one tries to constantly observe them and try to behave with them as they would have with him/her.

Ex: Maternal Uncle leaves an impact on relationship. One is more close to his/her maternal relatives than his/her paternal relatives.

Friends: Friends are those with whom one spends most of his/her time with. After one's parent they guide his/her behavioral patterns.

Mentors/Teachers/Educator: Next to God one worships his/her Gurus and Teachers. And they influence our values and ethics. They are the ones who help us decide right from wrong.

Ex: "Dronacharya preferred Arjun over Eklavya- Dronacharya said only my student can be the best you should give me your thumb as gurudakshina. "

Religious Writing: The best example is from the Bhagvatgeeta. We are all already aware of the famous saying, "*Karmanye va dhikarasye ma faletu kadachen*". Meaning keep doing your best without expecting anything in return. There are many such writings in our religious books which help us in our building up of ethical values.

All these above explanations exist at the micro level. Now, the next aspect to this is, when does this change of ethics or switching over of values and ethics take place in our lives? The answer to this is very easy. When the ego stages are developed in Transactional Analysis, the ethics are developed simultaneously.

Going Global:

Let us begin with taking an example of McDonalds.

When McDonalds had opened its outlet in one of the suburbs in Mumbai, Matunga (Name changed), the people around that outlet along with some other political party people came together and protested against it ensuring that it got shut down.

In this small incidence, the question that would cross our minds is why? Did the people have problems against the owner? Did the people have objection against the Pizza and Burger being sold? What is it exactly? People did not have objection against either of it.

They only had a problem or objection to the beef/pork being used in Pizza and Burger. And we Indians worship cows and to eat their meat was considered unethical.

Here is our issue of "Cross cultural ethics".

Ethical Values on the Job:

An individual's ethical view point does not develop or exist apart from the "real world". Values developed in childhood and youth are constantly tested and on the job-decisions reflect the employees understanding of ethical responsibilities.

An individual's ethical behavior affects not only his or her reputation within the company, but may also contribute to the way in which the company is perceived by others. On a broader perspective business ethics cannot be separated from ethics in general. And every individual must deal with job problems on the basis of fundamental ethical standards.

A list of commonly accepted ethical values of the society is mentioned below. One needs to ask oneself of what importance each has in the jobs, any profession.

	Very Important	Somewhat important	Not important
Honesty			
Fairness			
Obedience to the law			
Comparison			
Respect for others			
Loyalty			
Dependability			
Courage			
Helpfulness			
Self Control			
Truthfulness			

Factors that Modify Ethical Values:

There is a genuine awareness and the relevance of these qualities mentioned above to the way everyone does his/her job. However, there are situations in grey areas that make or could make decisions difficult on ethical grounds.

Ex: One believes that honesty is essential in business, and would never steal money from the cash box, but one uses the company's car/vehicle to run personal errands while making sales rounds.

Another situation commonly seen and observed is:

Working hours are followed scrupulously and some often put in overtime, so "telling the boss one got caught in traffic", when he/she actually overslept, seems innocent enough, isn't it. All give their best to the company and work hard, but gossiping continues to let off some steam.

Ethical Conflicts at Work Place:

Conflicting loyalties, fear of failure, and/or the fear of being fired put the ethical values on the line. At times it would really be difficult to decide whether the act would be ethical or unethical. Just think of situations where someone has done either of the following:

- Altering the financial report at one's Boss's direction
- Protect a friend and co-worker whose drinking/misbehavior is causing productivity problems in the unit.
- Take credit for work on a report that was prepared by someone else.
- Put off correcting a safety situation because the cost will reduce the division's profitability.
- Change a performance appraisal to reflect more positivity on an individual whose advancement is important to one of the favoured supervisor.

These or may be some of these issues must have definitely been encountered by one and all. Then how did one react to it? It basically reflects what one **wants to do** in these situations and what one **have to do**.

The way one deals with ethical situations reflects one's background, training and personal style as discussed earlier. Put a tick in the box that best describes one's attitude in business.

- I believe that as long as I am working for this organization I should follow its policies and carry out the assignments as given to me by my superiors. I have spent several years doing my job and the company has been good to me. If others don't like something that is asked of them, they should get out and work somewhere else.
- I have always worked with the idea that you should look out for yourself and not get involved in other people's problems. I believe this works out but in the long run. I have got my job to take care of and if I do it well, it will benefit not only me but the company also. The main thing is to get my job done, let other people get their job done, and not worry too much about all the rules.
- I know that I need a job to make money. I also know that the company has to make a profit, but I think I can be sensitive to what is right and wrong and still do a good job. In fact if I don't act in an ethical way, in the long run it could damage not only my integrity but also that of a company.

Ethical Consideration in Business :

Ethical consideration in transactions with employees:

- (I) **Selection/Choosing between people:-** Managers continually choose between people when making decisions such as which job seeker to hire, which employee to promote or which employee to lay-off. These decisions are especially difficult when they concern long term employees, people with personal problems, older workers, minorities or people with marginal skills in an increasingly technical business environment.

Being human, managers cannot help being torn by conflicting personal interests and biases, loyalties to individuals, friendships, organizational needs, the impact on the well being of the employee and in some cases the implications for his or her own status in the organizations.

An ethical outcome requires focusing objectively on the issues at hand. Managers will find it helpful to ask themselves a variety of questions when faced with the task of choosing between people. The questions should be designed to reveal the real issues as well as their feelings towards them and the people involved. Objectivity is the desired goal in making such decisions but the temptation is often great to slide through with as little personal pain as possible. Resist this temptation because the issues deserve your profound attention and honest consideration.

To achieve this objectivity every manager should ask a few questions to themselves like:

- 1) Am I biased toward the employee for any reason?
- 2) Am I evaluating demonstrated skills which are bonafide against job requirement?
- 3) Am I being overly influenced one way or other by irrelevant or surface characteristics?
- 4) Am I being pushed in a direction not of my choice by someone else?
- 5) Am I measuring all people against the same criteria?
- 6) Is age or salary level influencing my thinking more than it should?
- 7) Am I really analyzing the important elements of this transactions or am I simply following a part practice that should be tested?
- 8) Will the final decision be in the best interest of the individual, the organization and me?
- 9) Would I be willing to have my decision criteria applied to me under similar conditions or circumstances?

“Rationalization is a powerful force one often uses to comfort oneself after making poor decisions. Never let personal biases overwhelm the objectivity or sense of fairness”.

- (II) **Performance Appraisal:** -Managers sometimes result doing performance appraisals on the grounds they do not want to be judge and jury with respect to an employee's career. Some feel positive feedback will cause employees to let down. Others think that negative feedback is demoralizing, demeaning, and perhaps unethical, so they often give employees better performance appraisals than they deserve. But unfortunately many see Performance appraisal as a way to cut people down or keep them under their dominance. In all these cases, the manager's ethics are questioned.

Failing to be honest with employees about their performance is a form of deceit that is damaging to the employee, the organization, and the manager. Managers who practice this deceit either do not know how to evaluate employees properly or simply are not interested in their performance.

It is observed that more than half the professional and clerical employees working today do not understand on what basis their work is evaluated. If this happens with the employees, one needs to acquaint them with the process and tell the employees in the beginning as to how they will be evaluated. If one does not do so, it again also would be unethical.

- (III) **Communication with employees:** - when asked about how the trust can be built in work group, majority of them have stressed on open and honest communication. They refer to this kind of communication as, "Levelling" or telling like it is.

Employees who make productivity gains often attribute much of their achievement to being well-informed about goals, standards, time-tables, costs and other elements or objectives of assigned tasks. Supervisors, who withhold information whether inadvertently or intentionally, impede employee efforts and compromise the progress or quality of their work. There is considerable evidence that individuals communicate better with people they like than with those they dislike or about whom they are neutral. If a manager spends more time with employees they like and talk with them more, tell those more and are more open to their questions, these favored few have an advantage over others. And ultimately this favoritism damages the work group, the organization and the supervisor.

Every manager must ask these few questions who want to be more fair and open in their communications:

- 1) What do employees working for me need to know?
 - 2) What do employees working for me want to know?
 - 3) How do I provide it?
 - 4) When do I get someone else to provide it?
- (IV) **Maintaining Discipline:-** One fundamental concept that every manager is responsible for in organization – they are responsible for maintaining discipline among the employees they supervise. There are a lot of misunderstandings about the concept. Either some of them ignore it, or take little corrective action unless there is a serious breach of conduct. Until and unless the managers understand their roles related to discipline, they are apt to either over and or under react. Either reaction has ethical connotations because the results of an inappropriate reaction can have negative consequences for the managers, employees and the organizations.

"A well disciplined work group is one that operates like a team. It works productively while adhering to all necessary rules and regulations. A manager who wishes to have such a group must ensure all employees are properly trained and motivated to attain the standards of performance desired."

It is important to remember the word "**Discipline**" comes from the word "**Disciple**", which means to teach so as to mould". Unfortunately, many managers never learn the **teaching and molding** aspects of

discipline, instead they think it as punishment or a reprimand. It is essential to promote and inculcate the positive while handling the issues and matters of discipline. This can be done by:-

- (a) Making sure the players/employees know the standard of performance desired
- (b) Teach them how to attain standards
- (c) Encourage them as they progress in the direction desired
- (d) Compliment them when they attain standards and continue to reinforce positive performance from time to time.

This approach reduces or eliminates the needs for negative actions.

Ethics – Transactions with your Boss

(I) Following Orders and Directives from above:

Everyone is already aware that in organizations there is always somebody as a “Boss” for every employee even a manager for that matter. All the employees who are low in hierarchy are expected to follow orders from above and normally do so with a minimum of questions or concerns. Generally an opportunity is given to explore alternatives, and comment on any aspect of the directives they feel may be inappropriate. And when they can demonstrate the merits of their concern, they are often successful in obtaining the changes.

Sometimes an order from above might not only affect employee, customers and the general public negatively, but also may be unethical. A manager who has passed on this order may not have considered the issues of ethics involved, or may have not cared about the consequences. And in the process there is also a possibility that the originator of the directive leaves no scope for alternatives.

This is especially a difficult problem for managers who value ethics and have genuine concern for the reputation of the organization. It is a time when the manager has to examine personal values carefully and weigh them against the possible consequences of challenging the directive.

“When considering whether or not to challenge a directive or a situation you consider unethical, remember that such challenges are often successful when one can suggest a better alternative.”

(II) Collaboration :- A beneficial and Ethical Tool

There are times that due to cut-throat competition between managers, the work groups the situation gets out of hand. When such situation arises, the questionable practices are often employed to get ahead or to make the other party look bad. Good ethics are ignored and ultimately the organization suffers. The researcher is of the opinion that to solve such difficult issues, collaboration is a much better management tool. Collaboration again is nothing but a compromise made between the parties in conflict. Since it is a compromise it is expected to be ethical.

Conclusion:

The benefits of collaboration are as under:

- (1) Collaboration builds awareness of interdependence. When people understand the benefits of helping one another, they are more likely to work together to accomplish common goals. The efforts are non-threatening.
- (2) Working together helps them to stimulate each other to higher levels of achievement. Fresh ideas are generated and tested and productivity increases.
- (3) It builds and reinforces recognition and mutual support. It also helps them to see the result of their effort as well as of others.
- (4) It leads to a commitment to accomplish organizational goals. This commitment leads to gaining personal power in the form of confidence, since they know others share their views and are acting in concert with them.

Till now, the various issues or aspects of ethics at different levels in organizations are considered. This would lead to make analysis about the ethics at the macro level and what needs to be done or can be done to tackle this issue. The idea of putting down these points is that Ethics begins with one and all when dealing with people or even for that matter doing one's jobs or carrying out one's jobs, duties and responsibilities. If one wishes to curb the problem at the macro level it should begin from oneself.

The researchers has identified and suggested a framework for solving Ethical Problem. It includes Ten Commandments which are as follows:

Step 1:- What are the problems?

Problems with a jumble of facts from a variety of sources, confront the managers. And most of the time the apparent problem is only a symptom of the actual one.

E.g.: Will drug test prevent the sale and use of drugs on the job? Will they improve productivity without disturbing non-users, who will also be required to take the tests?

- Is it fair to ask the employees to take the tests
- Are these tests reliable
- Do the employees have the right to refuse to take the test?

And then would you fire a long term, loyal and productive employee who refuses to take the tests.

Step 2:-Is it an Ethical Problem or a straight forward Business Decision?

Issues like personal rights, fairness, equity, honesty and morality rises, it's a problem of ethics and should be treated accordingly.

Step3:-Are the elements of the problem of ethical concerns?

Step 4:- Is the problem a case of differing opinions, a conflict of interest, or a question of rights and fairness?

Step 5:- Is it a personal problem, a company problem, an industry problem, or a cultural problem?

Step 6:-Who is affected?

In the case of drug testing, all the employees along with their families, supervisors and managers are affected.

Step 7:- Is special help needed?

Experts in the respective fields may be helpful in establishing an appropriate programme for solving the problem.

Step 8:-What are the alternative solutions?

Every problem has a number of alternative solutions. They need to be first identified and then evaluated. Will there be positive or negative or neutral side effects.

Step 9:- Are the proposed solutions legal, moral, and culturally acceptable and in keeping with good business practice?

Does the solution support the image you and the organization wish to have with the employees, customers, competitors and the general public?

E.g.: Compulsory drug testing is still a very controversial issue. Organized efforts to constructively improve the performance when it falls below the established standards are an accepted practice. It would either bring the performance up to standards or eliminates the poor performer from the organization.

Step10:-Can the solution be implemented at reasonable cost, with a minimum of disruption and with a high degree of probable success?

The answers to the above questions would lead to the expected ethical behavior in business. It would also give a scope for further research in this area. It is call on all the senior people in organizations/institutions and also to the aspiring candidates to ponder on these issues and according to the culture of their organization may start implementing some of these commandments.

Since this is an article based research essay has limitations, however, any deliberations or suggestions on this subject are definitely most welcome.

Reference:1) Internet based podcasts and dedicated sites.

2) Ethics in Business by Robert B. Maddux, Dorothy Maddux