Ethics is Superior than Law
The Situation Which is not Controlled by Law can be Controlled by Ethics

Business Ethics and Corporate Social Responsibility

Ethic, Business Ethics, Ethical Decisions.

The term ethics has been taken from Greek term "ethos" which means morale conduct or character. So, ethics to the morale character that defines right or wrong, good or bad, virtuous and vicious. It governs the conduct of a person, the members of a profession, or the actions of an organization.

According to Decenzo and Robbins

Ethics commonly refers to set of principles that defined right and wrong.

Business ethics are the accepted principles of right or wrong governing the conduct of businesspeople. Ethical decisions are those that are in accordance with those accepted principles of right and wrong, whereas an unethical decision is one that violates accepted principles.

Managers may face ethical dilemmas, which are situations where there is no agreement over exactly what the accepted principles of right and wrong are, or where none of the available alternatives seems ethically acceptable.

ETHICAL ISSUES IN MANAGEMENT

The ethical issues managers confront cover a wide range of topics; but most arise due to a potential conflict between the goals of the organization, or those of individual managers, and the fundamental rights of important stakeholders such as shareholders, customers, employees, supplier and distributors, competitors etc. Stakeholders have basic rights that should be respected, and it is unethical to violate those rights. Shareholders have the right to timely and accurate information about their investments. Customers have the right to be fully informed about the products and services they purchase, including how those products might harm them or others, and it is unethical to restrict their access to such information.

Employees have the right to safe working conditions, to fair compensation for the work they perform, and to be treated fairly by managers. Suppliers and distributors have the right to expect contracts to be respected. Competitors have the right to expect that a firm will abide by the rules of competition and not violate the basic principles of antitrust laws.

Communities and the general public, including their political representatives in government, have the right to expect that a firm will not violate the basic expectations society places on enterprises—for example, by dumping toxic pollutants into the environment. When managers focus more on self-interest than the expectation of stakeholders, that will create unethicality. Followings are some ethical issues in the management (Hill and Mcshane):

Self-Dealing

Self-dealing occurs when managers consider the organizational resources as their personal property. Sometime managers take corporate funds as their personal treasury and use that fund for personal benefit than organizational benefits. Managers who use their control over the compensation committee of the board of directors to award themselves. Managers award business contracts not to the most efficient supplier but to the one that provides the largest kickback.

Some of this behavior is illegal; some is technically legal but unethical because it violates the basic right of shareholders to a fair return on their investment.

Information Manipulation

Information manipulation occurs when managers use their control over corporate data to distort or hide information to enhance their own financial situations or the competitive position of the firm.

Managers can manipulate internal information relating to accounts, finance and business affairs for maintaining its prestige and they publish future strategy and plans by using artificial data or false information to evade tax and manipulate the government. Similarly, they can distort qualitative information such as quality of goods or services.

Information manipulation is unethical because it violates the right of investors to accurate and timely information.

Anticompetitive Behavior

Anti-competitive behavior is used by business and governments to lessen competition within the markets so that monopolies and dominant firms can generate supernormal profits and deter competitors from the market.

These practices include mergers, cartels, price-fixing, price discrimination, supplier-distributor relationships and predatory pricing.

In order to obtain greater profits, some large enterprises take advantage of market power to hinder smaller-scale or survival of new entrants through anticompetitive behavior. Anticompetitive behavior restricts competition in the market. It undermines the efficiency and fairness of the market. However, more and fair competition provides opportunities to customers to choose quality products, at reasonable price but anticompetitive behavior of business leaves consumers with little choice to obtain a reasonable quality of service. Which violates consumers right to choose.

Opportunistic Exploitation

Opportunistic exploitation is forcing supplier and distributors and other business partners to rethink about the contract for the benefit of business organization. Sometimes, large business organizations may force to rethink or revise the earlier contract related to price, quantity, mode of supply and other business matters.

Such opportunistic exploitation is an ethical issue because it will harm to the supplier, distributor and other business partners. It violates the rights of suppliers and distributors in a fair and open way.

Substandard Working Conditions

Substandard working conditions refers to the condition when managers tolerate unsafe working conditions or pay employees below-market rates to reduce costs of production. It is an issue related to employees. In fact, employees are involving in day-to-day activities and devoting their valuable time and productive life and all efforts to the functioning of organizations activities. They need safe and secured working condition and salary and incentives according to the prevailing market rate so that they will use their skill, knowledge and competencies as best possible.

If the manager ignores to maintain good working condition and provide salary and wages at market rate, that will violate the right protect health and get remuneration of their contribution. which also create conflict between employees and manager.

Environmental Degradation

Manufacturing organizations create varieties of pollutions such as water pollution, air pollution, soil pollution, dust pollution, noise pollution and ecological pollution etc. these pollutions degrade environment of the society. Environmental degradation occurs due to managers take actions that directly or indirectly result in pollution or other forms of environmental harm. Ít violates the rights of local communities and the general public to clean air and water; land that is free from pollution by toxic chemicals or excessive deforestation that causes land erosion and floods; and so on.

Corruption

Corruption can arise in a business context when managers pay bribes to gain access to lucrative business contracts. In many cases, managers use organizational resources for the payment of under table money to the government personnel to make decision in favor of their business. It is a corruption and it is clearly unethical: It violates several rights. The right of citizens to expect that government officials will act in the best interest of the local community or nation, and not in response to corrupt payments that feather their own nests.

Corruption is also on the rise in Nepal. Bribery, money laundering, abuse of office, kickback, facilitation payment, speed money etc. are common in Nepalese business registration, contracting and public procurement. According to the report of Transparency International, Nepal got 34 points and holds the rank of 113rd corrupted country of the world.