Dr. Vishwanath Karad

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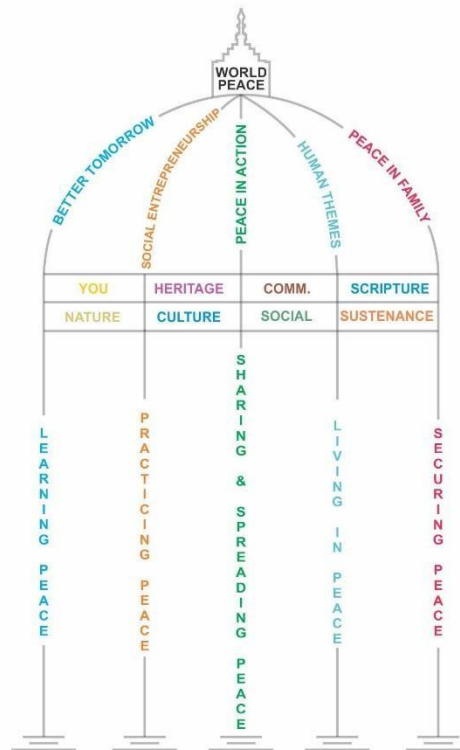## Peace Module - WPC 6
Humanities, Ethical,
Moral and Social Sciences

> I believe that the **PEACE** would be established in this world through the valued-based **"UNIVERSAL EDUCATION SYSTEM"** which inspires to give back to the society.

DR. VISHWANATH D. KARAD

Humanities

Humanities are academic disciplines that study aspects of human society and culture. In the Renaissance, the term contrasted with divinity and referred to what is now called classics, the main area of secular study in universities at the time.

Today, the humanities are more frequently contrasted with natural, and sometimes social sciences, as well as professional training.

The humanities use methods that are primarily critical, or speculative, and have a significant historical elements distinguished from the mainly empirical approaches of the natural sciences, yet, unlike the sciences, it has no central discipline. The humanities include ancient and modern languages, literature, philosophy, history, human geography, law, politics, religion, and art. Scholars in the humanities are "humanity scholars" or *humanists*.

The term "humanist" also describes the philosophical position of humanism, which some "anti humanist" scholars in the humanities reject.

The Renaissance scholars and artists were also called humanists. Some secondary schools offer humanities classes usually consisting of literature, global studies and art.

Human disciplines like history, folkloristics, and cultural anthropology study subject matters that the manipulative experimental method does not apply to—and instead mainly use the comparative method and comparative research.

Anthropology is the holistic "science of humans", a science of the totality of human existence.

The discipline deals with the integration of different aspects of the social sciences, humanities and human biology. In the twentieth century, academic disciplines have often been institutionally divided into three broad domains. The natural *sciences* seek to derive general laws through reproducible and verifiable experiments.

The *humanities* generally study local traditions, through their history, literature, music, and arts, with an emphasis on understanding particular individuals, events, or eras.
The *social sciences* have generally attempted to develop scientific methods to understand social phenomena in a generalizable way, though usually with methods distinct from those of the natural sciences.

The anthropological social sciences often develop nuanced descriptions rather than the general laws derived in physics or chemistry, or they may explain individual cases through more general principles, as in many fields of psychology. Anthropology (like some fields of history) does not easily fit into one of these categories, and different branches of anthropology draw on one or more of these domains. Within the United States, anthropology is divided into four sub-fields: archaeology, physical or biological anthropology, anthropological linguistics, and cultural anthropology. It is an area that is offered at most undergraduate institutions.

The word *anthropos* is from the Greek for "human being" or "person".

Eric Wolf described sociocultural anthropology as "the most scientific of the humanities, and the most humanistic of the sciences".

The goal of anthropology is to provide a holistic account of humans and human nature. This means that, though anthropologists generally specialize in only one sub-field, they always keep in mind the biological, linguistic, historic and cultural aspects of any problem. Since anthropology arose as a science in Western societies that were complex and industrial, a major trend within anthropology has been a methodological drive to study peoples in societies with more simple social organization, sometimes called "primitive" in anthropological literature, but without any connotation of "inferior".

Today, anthropologists use terms such as "less complex" societies, or refer to specific modes of subsistence or production, such as "pastoralist" or "forager" or "horticulturalist", to discuss humans living in non-industrial, non-Western cultures, such people or folk (*ethnos*) remaining of great interest within anthropology.

The quest for holism leads most anthropologists to study a people in detail, using biogenetic, archaeological, and linguistic data alongside direct observation of contemporary customs.[9] In the 1990s and 2000s, calls for clarification of what constitutes a culture, of how an observer knows where his or her own culture ends and another begins, and other crucial topics in writing anthropology were heard. It is possible to view all human cultures as part of one large, evolving global culture. These dynamic relationships, between what can be observed on the ground, as opposed to what can be observed by compiling many local observations remain fundamental in any kind of anthropology, whether cultural, biological, linguistic or archaeological.

History is systematically collected information about the past. When used as the name of a field of study, *history* refers to the study and interpretation of the record of humans, societies, institutions, and any topic that has changed over time.

Traditionally, the study of history has been considered a part of the humanities. In modern academia, history is occasionally classified as a social science.

Linguistics and languages:

While the scientific study of language is known as linguistics and is generally considered a social science, a natural science or a cognitive science,[15] the study of languages is still central to the humanities. A good deal of twentieth-century and twenty-first-century philosophy has been devoted to the analysis of language and to the question of whether, as Wittgenstein claimed, many of our philosophical confusions derive from the vocabulary we use; literary theory has explored the rhetorical, associative, and ordering features of language; and historical linguists have studied the development of languages across time. Literature, covering a variety of uses of language including prose forms (such as the novel), poetry and drama, also lies at the heart of the modern humanities curriculum. College-level programs in a foreign language usually include study of important works of the literature in that language, as well as the language itself.

Law:

In common parlance, law means a rule that (unlike a rule of ethics) is enforceable through institutions. The study of law crosses the boundaries between the social sciences and humanities, depending on one's view of research into its objectives and effects. Law is not always enforceable, especially in the international relations context. It has been defined as a "system of rules", as an "interpretive concept" to achieve justice, as an "authority" to mediate people's interests, and even as "the command of a sovereign, backed by the threat of a sanction". However one likes to think of law, it is a completely central social institution. Legal policy incorporates the practical manifestation of thinking from almost every social science and discipline of the humanities. Laws are politics, because politicians create them. Law is philosophy, because moral and ethical persuasions shape their ideas. Law tells many of history's stories, because statutes, case law and codifications build up over time. And law is economics, because any rule about contract, tort, property law, labour law, company law and many more can have long-lasting effects on how productivity is organised and the distribution of wealth. The noun *Law* derives from the late Old English *lagu*, meaning something laid down or fixed, and the adjective *legal* comes from the Latin word *LEX*.

Philosophy—etymologically, the "love of wisdom"—is generally the study of problems concerning matters such as existence, knowledge, justification, truth, justice, right and wrong, beauty, validity, mind, and language. Philosophy is distinguished from other ways of addressing these issues by its critical, generally systematic approach and its reliance on reasoned argument, rather than experiments (experimental philosophy being an exception). Philosophy used to be a very comprehensive term, including what have subsequently become separate disciplines, such as physics. (As Immanuel Kant noted, "Ancient Greek philosophy was divided into three sciences: physics, ethics, and logic.") Today, the main fields of philosophy are logic, ethics, metaphysics, and epistemology. Still, it continues to overlap with other disciplines. The field of semantics, for example, brings philosophy into contact with linguistics.
Since the early twentieth century, philosophy in English-speaking universities has moved away from the humanities and closer to the formal sciences, becoming much more *analytic*. Analytic philosophy is marked by emphasis on the use of logic and formal methods of reasoning, conceptual analysis, and the use of symbolic and/or mathematical logic, as contrasted with the Continental style of philosophy.
This method of inquiry is largely indebted to the work of philosophers such as Gottlob Frege, Bertrand Russell, G.E. Moore, Georg Wilhelm Friedrich Hegel and Ludwig Wittgenstein.
Origin of the term.

The word **"humanities"** is derived from the Renaissance Latin expression *studia humanitatis*, or "study of *humanitas*" (a classical Latin word meaning—in addition to "humanity"—"culture, refinement, education" and, specifically, an "education befitting a cultivated man").

In its usage in the early 15th century, the *studia humanitatis* was a course of studies that consisted of grammar, poetry, rhetoric, history, and moral philosophy, primarily derived from the study of Latin and Greek classics.

The word *humanitas* also gave rise to the Renaissance Italian neologism *umanisti*, whence "humanist", "Renaissance humanism".

History

In the West, the study of the humanities can be traced to ancient Greece, as the basis of a broad education for citizens. During Roman times, the concept of the seven liberal arts evolved, involving grammar, rhetoric and logic (the trivium), along with arithmetic, geometry, astronomy and music (the quadrivium). These subjects formed the bulk of medieval education, with the emphasis being on the humanities as skills or "ways of doing".

A major shift occurred with the Renaissance humanism of the fifteenth century, when the humanities began to be regarded as subjects to study rather than practice, with a corresponding shift away from traditional fields into areas such as literature and history.

In the 20th century, this view was in turn challenged by the postmodernist movement, which sought to redefine the humanities in more egalitarian terms suitable for a democratic society since the Greek and Roman societies in which the humanities originated were not at all democratic. This was in keeping with the postmodernists' nuanced view of themselves as the culmination of history.

Education and employment
For many decades, there has been a growing public perception that a humanities education inadequately prepares graduates for employment. The common belief is that graduates from such programs face underemployment and incomes too low for a humanities education to be worth the investment.

Philosophical history
Citizenship and self-reflection

Since the late 19th century, a central justification for the humanities has been that it aids and encourages self-reflection—a self-reflection that, in turn, helps develop personal consciousness or an active sense of civic duty.

Wilhelm Dilthey and Hans-Georg Gadamer centered the humanities' attempt to distinguish itself from the natural sciences in humankind's urge to understand its own experiences. This understanding, they claimed, ties like-minded people from similar cultural backgrounds together and provides a sense of cultural continuity with the philosophical past.
Scholars in the late 20th and early 21st centuries extended that "narrative imagination"to the ability to understand the records of lived experiences outside of one's own individual social and cultural context. Through that narrative imagination, it is claimed, humanities scholars and students develop a conscience more suited to the multicultural world we live in. That conscience might take the form of a passive one that allows more effective self-reflection or extend into active empathy that facilitates the dispensation of civic duties a responsible world citizen must engage in.

There is disagreement, however, on the level of influence humanities study can have on an individual and whether or not the understanding produced in humanistic enterprise can guarantee an "identifiable positive effect on people."

Humanistic theories and practices:

There are three major branches of knowledge: natural sciences, social sciences, and the humanities.

Technology is the practical extension of the natural sciences, as politics is the extension of the social sciences. Similarly, the humanities have their own practical extension, sometimes called "transformative humanities" (trans-humanities) or "culturonics" (Mikhail Epstein's term):

Nature – natural sciences – technology – transformation of nature
Society – social sciences – politics – transformation of society Culture –
human sciences – culturonics – transformation of culture

Technology, politics and culturonics are designed to transform what their respective disciplines study: nature, society, and culture.

The field of transformative humanities includes various practices and technologies, for example, language planning, the construction of new languages, like Esperanto, and invention of new artistic and literary genres and movements in the genre of manifesto, like Romanticism, Symbolism, or Surrealism. Humanistic invention in the sphere of culture, as a practice complementary to scholarship, is an important aspect of the humanities.

Truth and meaning:

The divide between humanistic study and natural sciences informs arguments of meaning in humanities as well. What distinguishes the humanities from the natural sciences is not a certain subject matter, but rather the mode of approach to any question. **Humanities focuses on understanding meaning, purpose, and goals and furthers the appreciation of singular historical and social phenomena—an interpretive method of finding "truth"**—rather than explaining the causality of events or uncovering the truth of the natural world Apart from its societal application, narrative imagination is an important tool in the (re)production of understood meaning in history, culture and literature.

Business Ethics: An Overview

Introduction

The study of ethics has become an important ingredient of the syllabus of management schools in recent years. This is because of ethical issues that have come to the forefront as a result of many well-known failures of corporates. The fraudulent activities of these corporates have resulted in the defrauding of stockholders, consumers, employees, creditors and governments to varying degrees. It has therefore become important that students of B-schools as future manager of business should imbibe ethical values. Ethics reflects a society's notions about the rightness or wrongness of an act.

Ethics also involves the evaluation and application of certain moral values that a society or culture has come to accept as its norms. It is generally described as a set of principles of moral conduct. Business ethics, therefore, is a sum total of principles and code of conduct businessmen are expected to follow in their dealing with their fellowmen such as stockholders, employees, customers, creditors, and comply with to crack the laws of the land and to protect all these stakeholders.

The word "ethics" is derived from the Greek word **ethikos** meaning custom or character. The Concise Oxford Dictionary defines ethics as the treating of moral questions. But this definition is imprecise and leaves a number of loose ends, whose morals? Which moral questions? **Business ethics covers diverse areas ranging from labour practices, free and fair trade, health condoms, euthanasia to animal welfare, environmental concerns, to genetic modification, to human cloning.** Perhaps the definition provided by the Chambers Dictionary comes closest to providing a workable definition "Ethics is a code of behavior considered correct. What the society considers correct may have been arrived oy the crystallization of consumer pressure on corporations and governments and regulatory forces. It is the science of morals describing a set of rules of behavior. Business ethics itself is an offshoot of applied ethics. **The study of business ethics essentially deals with understanding what is right and morally good in business.**

Ethics is a branch of philosophy and is considered a normative science because it is concerned with the norms of human conduct, as distinguished from formal sciences such as mathematics and logic, physical science such as chemistry and physics, and empirical sciences such as economics and psychology. As a science ethics must follow the same rigors of logical reasoning as other sciences. **Ethics, as a science involves sys amazing, defending and recommending concepts of right and wrong behavior.**

The principles of ethical reasoning are useful tools for sorting out the good and bad components within complex human interactions. For this reason, the study of ethics has been at the heart of intellectual thought since the time of early Greek philosophers, and its ongoing contribution to the advancement of knowledge and science makes ethics a relevant, if not vital, aspect of management theory.

PRINCIPLES OF PERSONAL ETHICS

Personal values are the conception of what an individual or group retards a desirable. Personal ethics refer to the application of these values in everything coe does Personal ethics might also be called mortality, since they reflect general expectations of any person in the society, acting in any capacity. These are the principles we try to instil in our children, and export of one another without needing to articulate the expectation or for make it in any way The principles of personal ethics are

1. Concerns and respect for the autonomy of others.
2. Honesty and the willingness to comply with the law.
3. Fairness and the ability not to take undue advantage of others.
4. Benevolence and preventing harm to any creature.

People are motivated to be ethical for the following reason:

1. Most people want to maintain a clear conscience and would like to act ethically under normal circumstances.
2. It is natural for people to ensure that their actions do not cause any injury, whether physical or mental, to others.
3. People are obliged to obey the laws of the land.
4. Social and material well-being depends on one's ethical behaviour in society.

PRINCIPLES OF PROFESSIONAL ETHICS

Profession is a vocation or calling. especially one that involves a specific branch of advanced learning or a branch of science, for example, the profession of a doctor, advocate, professor, scientist or business manager.

A professional is one who is engaged in a specified activity as we paid occupation like a salaried business manager who is paid for his specific skill in managing the affairs of the business enterprise he is engaged in. There are certain basic principles people are expected to follow in their professional career. These are the

- impartiality objectivity
- openness: full disclosure
- confidentiality: trust;
- due diligence/duty of care;
- fidelity to professional responsibilities, and
- Avoiding potential or apparent conflict of interest.

WHAT IS BUSINESS ETHICS?

Ethics is a conception of right and wrong behavior, defining for us when our actions are moral and when they are immoral. Business ethics, on the other hand, is the application of general ethical ideas to business behavior. Ethical business behavior is expected by the public, it facilitates and promotes good to society, improves profitability, fosters business relations and employee productivity, reduces criminal penalties from public authorities and regulators, protects business against unscrupulous employees and competitors, protects employees from harmful actions by their employer, and allows people in business to act consistently with their personal ethical beliefs. Ethical problems occur in business for many reasons, including the selfishness of a few, competitive pressures on profits, the clash of personal values and business goals, and cross-cultural contradictions in global business operations. Ethical issues, such as bribery and corruption, are evident throughout the world, and many national governments and international agencies are actively attempting to minimize such actions through economic sanctions and international codes of ethical behavior. Although laws and ethics are closely related, they are not the same: ethical principles tend to be broader than legal principles. Illegal behavior by business and its employees imposes great costs on business itself and the society at large.

To be precise, "Business ethics is the art and discipline of applying ethical principles to examine and solve complex moral dilemmas" Business ethics proves that business has been and can be and ethical and still make profits. Until the last decade, business ethics was thought of as being a contradiction in terms. But things have changed today more and more interest is being shown to the application of ethical practices in business dealings and the ethical implications of business "Business ethics in that set of principles or reason which should govern the conduct of business whether at the individual or collective level.

Ethical solutions to business problems may have more than one right answer or sometimes no right answer at all. The local and ethical reasoning are tested in that particular business tuition. A business or company is considered to be ethical only if it tries to catch a trade-off between its economic objectives and its social obligations, such as obligations to the society where it exists and operates; to its people for whom it pursues economic goals, to the environment, from where it takes its resources, and the like.‖

Business ethics is based on the principle of integrity and fairness and concentrates on the benefits to the it takes its resources and the likes Stakeholders, both internal and external. Stakeholders includes those individuals and groups without which the organization does not have an existence, It includes shareholders, creditors, employees, customers, dealers, vendors, government and the society.

WHAT IS NOT BUSINESS ETHICS?

It is also equally important to clarify what is not ethics.

ETHICS IS DIFFERENT FROM RELIGION

Though all religions preach high ethical moral standards generally, they do not address all the types of problems people confront today. For instance, cyber-crimes and environment-related issues are totally new in the context of most religions. Moreover, many persons today do not subscribe to religious beliefs and have turned agnostic. But ethics applies to all people, irrespective of their religious affiliation.

ETHICS Is Not SYNONYMOUS WITH LAW

Generally, a good legal system may incorporate many moral ethical standards. However, there are several in stances where law deviates from what is ethical Legal systems may vary from society to society depending upon its social, religious and cultural beliefs. For instance, the United States law forbids companies from paying bribes either domestically or overseas, however, in other parts of the world, bribery is an accepted way of doing business, Similar contradictions may be seen in child labor, employee safety, work hours, wages, discrimination and environmental protection laws. Law can be corrupted and debased by dictators and made to cater to serve interests of narrow groups. Sometimes, law could be unreasonable and even stupid, as for instance, it is illegal in Israel for a hen to lay an egg on a Friday or Saturday! (The Trends Team, Times of India, Chennai, July 7th, 2008). It is also slow to respond to ethical needs of the society. People are often skeptical about the objectives of any legal system and comment "Law is an Ass," while few people question ethical standards

ETHICAL STANDARDS ARE DIFFERENT FROM CULTURAL TRAITS

The English adage _When in Rome, do as the Romans do' leads to an unethical cultural behavior. Some cultures may be ethical, but many of them are not. They may be quite oblivious to ethical concerns. For instance, our system of castes reflects an unethical streak in as much as it tends to take for granted that some people are superior to others in God's creation.

ETHICS Is DIFFERENT FROM FEELINGS

Our ethical choices are based on our feelings. Most of us feel bad when we indulge in something wrong but many, especially hardened criminals, may feel good even when they do something bad. Most people when they do something wrong for the first time, may feel bad but if they find it to be beneficial or if it brings them pleasure, they may make it a habit without feeling any remorse.

ETHICS Is NOT A SCIENCE IN THE STRICTEST SENSE OF THE TERM

We draw data from the sciences to enable us make ethical choices, But science is not prescriptive and does not tell us what we ought to do in certain situations leading to ethical dilemmas. But ethics being prescriptive offers reasons for how humans ought to act under such situations. Moreover, just because something is scientifically or technologically possible, it may not be ethical to do it; human cloning, for instance.

ETHICS Is Not JUST A COLLECTION OF VALUES

Values are almost oversimplifications, which rarely can be applied uniformly. Values tend to be under defined, situational by nature and subject to flawed human reasoning such that by themselves they cannot assure true ethical conduct. Consider the sought-after value of employee loyalty, should employees be loyal to co-workers, supervisors, customers, or investors? Since it may be impossible to be absolutely loyal to all the four simultaneously, in what order should these loyalties occur? Employers who demand employee loyalty rarely can answer this question completely or satisfactorily.

CODE OF CONDUCT AND ETHICS FOR MANAGERS

Having gone through the definitions of what is and what is not ethics, let us see now how ethics and values should form the bases of the code of conduct that ought to govern the behavior of business managers. In the exercise of their duties and responsibilities, managers must observe the following ethical values:

- **Integrity:** Integrity is the cornerstone of all values. A business manager should be morally upright. It is this characteristic that distinguishes a professional manager from a mercenary.
- **Impartiality:** A manager should look at and treat all aspects of an issue in a fair and unprejudiced manner.

- **Responsiveness to the Public Interest:** Though a manager is paid to serve the interests of the stock holders of the company, public interest is no less important. In- fact, managers should consider it as of paramount importance, if they have to be successful in their tasks.
- **Accountability:** Accountability is one of the basic characteristics of a good business manager. Business managers are responsible for all their action and are accountable to all the stakeholders-stockholders creditors, employees, consumers, government and the society at large.
- **Honesty**: A cardinal ethical value that a manager should possess is this quality. Managers should be fair, just and sincere both in character and behaviour. They should not indulge in cheating or stealing and should be free of deceit and untruthfulness.
- **Transparency:** Good business managers should be transparent and set standards for others to follow. They should be frank and open. Their actions should be easily discussed and understood by others.

What values are to individuals, ethics is to business.

EVOLUTION OF ETHICS OVER THE YEARS

If we trace the history of ethics in business, we would realize that ethics had been a part of theological discussions prior to 1960. Before the 1970s, there were a few writers like Raymond Baumhart who dealt with ethics and business. Ethical issues were mostly discussed as part of social issues. Men of religion and theologians continued writing and teaching on ethics in business. Professors in B-schools wrote and continued to talk about corporate social responsibility (CSR) the handmaid of ethics. However, the catalyst that led to the field of business ethics was the entry of several "philosophers, who brought ethical theory and philosophical analysis to bear on a variety of issues" Norman Bowie' dates the genesis of business ethics as November 1974, with the first conference on the subject held at the University of Kansas. In 1979, three anthologies on business ethics appeared. They were

  (i) Ethical Theory and Business by Tom Beauchamp and Norman Bowie

 (ii) Ethical Issues in Business: A Philosophical Approach by Thomas Donaldson and Patricia Werhane, and

 (iii) Moral Issues in Business by Vincent Berry. In 1982, Richard De George brought out Business Ethics,

while Manuel G. Velasquez published his Business Ethics Concepts and Cases. All these books created a lot of interest on the subject and business ethics courses were offered in several management schools. The emergence of business ethics, however, was not restricted to textbooks and courses in B-schools. By 1975, business ethics became institutionalized at many levels through writings and conferences. By the 1980s, the subject was taught in several universities in the United States and Europe. There were also, by this time, many journals of business ethics, apart from center and societies established to promote ethical practices.

By the year 1990, business ethics as a management discipline was well-established, "Although the academicians from the start had sought to develop contacts with the business community, the history of the development of business ethics as a movement in business, though related to the academic developments can be seen to have a history of its own."

Parallel to these academic persuits, around the time from the 196ls to the 1950s, the Consumers' Association in Britain multiplied its membership and campaigned hard on issues such as consumer rights, quality, safety, price, customer service and environmental concerns. The late 1980s and early 1990s saw increased concerns for the environment and by 1989 environment was the issue of greatest concern in Britain In 1988, more than 50 per cent of the people in West Germany called themselves green consumers, that is, these who preferred to select one product over another for environment-friendly reasons. The United States followed with 45 per cent, Australia with 21 per cent, Great Britain with 14 percent, which within one year shot up to 42 per cent. Catholic teaching such as Papal Encyclicals emphasized the need for morality in business, such as workers' Simultaneously with these developments or even anticipating them, religion also lent its powerful voice. rights and living wages as in Rerum Novarum of Pope Leo Xll. Sume

of the Protestant seminaries developed ethics as part of theit curmcultum. Danng the 19, there was a hse of locial issaes in business and mary business practices came under social scratury during this series President John F Kennedy Consumer Bill 'of Rights reflected a new era of consumerism. Daring the 197, professors teaching business began to write about business period. John F Kennedy Consumer of re The ethics and philosophers began to involve themselves in the theoretical evolution or themselves the theoretical evolution of the subject. Businessmen be came more concerned with their public image and addressed ethics more directly. From this historical development, we can see that business ethics as a fill u dy and research is a fantly is a field of study and is a fully nascent subject

IMPORTANCE AND NEED FOR BUSINESS ETHICS

Ethics is closely related to trust. Most people would agree on the fact that to develop trust, behavior must be ethical. Ethical behavior is necessity to trust. Trust will be used as an indicator Variable of ethics.

Basically, trust is three-dimensional; that is, trust is supplier relationships, trust in employee's relationships and trust in customer relationships. In such a situation, the entire stakeholders of the company are taken care of. If the company is able to maintain this trust-relationship with the internal as well as external stakeholders, then we can call that company as an ethical company.

Trust leads to predictability and efficiency or business Ethics is all about developing trust and maintaining it fruitfully so that the firm flourishes profitably and maintain good reputation. Lack of ethics would lead to unethical practices in organizations as well as in personal life. On wonders why sometimes even educated, well-positioned managers and employees of some reputed companies act unethically. This is because of lack of ethics in their lives. We can point out to numerous examples of companies whose top managements are involved in unethical practices, for example, Enron and WorldCom, in 2002 and a host of others including in investment bankers Lehman Brothers and Merrill Lynch in 2008.

Earlier it was said that 'business of business is business! Now there is a sudden change in the slogan. In the contemporary scenario where ethics has its due importance, the slogan has taken the form the business of business is ethical business'. Applying ethics in business makes good sense because it induces others to follow ethics in their behavior Ethics is important not only in business but also in all aspects of life. The business of a society that lacks ethics is likely to fail sooner or later.

People as investors and members of civil society are concerned about unethical and anti-social development in organizations. The collapse of the Global Trust Bank, the UTI fiasco and the spat between the Ambani brothers caused concern to the investing and general public.

A study of business ethics helps us to unravel the underlying forces why these things happen? What are their implications and what are the options available to solve the problems that arose? Business ethics enables us to assess the benefits and problems associated with different ways of managing ethics in organizations. It help us Assess the role of business in contemporary society. Even as business contributes to the growth of the society by offering products and services, enhancing incomes and standard of living, providing jobs, paying taxes to the government and being the facilitator for economic developed, its functioning often raises several ethical issues such as pollution, environmental degradation, and corrupt practices. "that go to the heart of the social role of business" By enabling people to understand these malpractices and the consequent repercussions, business ethics seeks to improve the welfare of the society by offering a social and political platform for remedial, and sometimes proactive action.

There are thousands of companies which, notwithstanding the poor image business community as a whole has among the public, have succeeded in making profit and enhanced public esteem by following ethical practices in their realm of business. Some of such companies are. Johnson & Johnson, Larsen & Toubro, Wipro, Infosys and Tata Steel. They have gained the trust of the public through ethical practices In India, the House of Tatas, for instance, adheres to, and communicate key ethical standards in several ways. The Tata Code of Conduct affirms that "The Tata name represens more than a century of ethical conduct of business in a wide array of markets and commercial activities in India and abroad. As the owner of the Tata mark, Tata Sons Ltd wishes to strengthen the Tita brand by formalating the Tata Code of Conduct, enunciating the values at buve powered and shall govern the conduct and activities of companies associating with or using the Tata name and of their employees.

SIGNIFICANCE OF BUSINESS ETHICS

Events in corporate America, Europe, and in many emerging economies at the beginning of the new millennium and more recently in the fag end of 2008, have demonstrated the destructive fall-outs that take place when the top management of companies do not behave ethically. Lack of ethics has led highly educated, resourceful and business savvy professionals at mega corporations like Enron, Tyco, Waste Management, WorldCom and Adelphia Communications to get themselves into a mess.

In India too, we have had several instance of highly successful corporations like ITC and Reliance getting into severe problems when the top brass misled them to unethical practices. Recently, the chairman of the South Korean automobile giant Hyundai Chung Mong-Koo was arrested and jailed for diverting more than $1 billion from the company as bribes to government officials.

If we analyze the reasons as to why such unethical practices taken place in corporations, we may come across several dimensions to the discussion on the importance and significance of business ethics. There are quite few businessmen and entrepreneurs who are of the opinion that business and ethics do not go hand in hand as there is no proven evidence that following ethical practices does being profits to the firm. They think that a company may not be in a position to reap the full benefits offered by the business environment if they were to worry about how ethically they should run the organization. It may not be able to take advantage of the op opportunities provided by circumstances if they have to worry about ethical considerations all the time. Besides, the choice of an ethical alternative among many other alternatives and getting due benefits after investing on ethical practices may take time, which may act as a constraint. There are others to whom making profit and increasing market capitalization are the only imperatives and yardsticks of efficiency and successful corporate management. To them, the end justifies the means. There are hundreds of CEOs who hold this opinion and act unethically, though many of them were proved wing when nemesis caught up with them as in the cases of top executives of WorldCom and Enron.

Real-life situations have shown that use of ethical practices in business does create high returns for companies. There have boen many empirical studies that have shown that companies that follow ethical practices are able to double their profits and show increased market capitalization compared to companies that do not adhere to ethics. In our own country, Tata Steel and Infosys are two classic examples that illustrate this line of thinking.

Running a business ethically is good for sustaining business. Applying ethics in business also makes good sense. The corporation that behaves ethically prompts other business associates, by its good example, to behave ethically as well. Organizations work on synergy and delegation. It is the feeling of the oneness with the company, which is called as a feeling of ownership that enhances the sincerity of a worker in an organization.

Organizations cannot work in a manner where the employees are not given duc importance in their affairs. For Example, of a management exercises particular care in meeting all responsibilities to employees, customers and suppliers, it usually is rewarded with a high degree of loyalty, quality and productivity. Likewise, employees who were treated ethically will more likely behave ethically themselves in dealing with customers and business associates. A supplier who refuses to exploit his advantage during a seller's market condition retains the loyalty and continued business of its customers when conditions change to those of a buyer's market. A company like Sakthi Masala Pvt. Ltd, that does not discriminate against elderly or handicapped employees and uses every opportunity to convince them that they are wanted as much as others, discovers that they are fiercely loyal, hardworking and productive.

There is a cultivated belief in society for thousands of years, may be due to religious influence or an unwavering faith in morality, that a "good man" who steadfastly tries to be ethical is bound to overtake his immoral or amoral counterpart in the long run. A plausible explanation of this view on ethical behavior is that when individuals operate with a conviction on the ethical soundness of their position, their minds and energies are freed for maximum productivity and creativity On the other hand when practicing unethical behavior, persons find it necessary to engage in exhausting subterfuge, resulting in diminished effectiveness and reduced success.

Professionals like Kenneth Lay, Martha Stewart, Dennis Kozlowski or Bernard Ebbers, the CEO of WorldCom who turned themselves disrupted by paying themselves millions of dollars in compensation while the it companies were in dire financial straits were certainly aware of what constitutes ethics. "They were either foo blinded by self-interest or simple did of care that they were not following the standards that they had set for their subordinates.

The top management of organizations, who take personal pay cuts in difficult financial times for their organizations are respected by everyone. Companies should have the flexibility of adjusting cost structures during bad times, replace old factory with new ones, or change technology in ways that would require fewer people to do the work.
These decisions should be taken after ensuring that those affected are empathize with and are provided adequate and financial support.

Managers may face situations where they are not sure, or are perplexed about the ethical side of their actions. If a company believes that profits are more important than environmental protection, the decision of its manage to halt a process on account of his concerns about its impact on the environment might not be appreciated by the company. It is up to the manager to analyze whether the proposed action would be in terms with the goals of the firm and take a decision accordingly.

Moral or ethical behavior can neither be legislated nor taught in a vacuum. Authority, it is said, cannot bring about morality. The best way to promote by setting a good personal example. Teaching an employee ethics is not always effective. One can explain and define ethics to an adult, but understanding ethics does not necessarily result in behaving ethically. Personal values and ethical behavior are taught at an early age by parents and educators.

The innate human belief that ethical, moral or good behavior will find its reward ultimately is ingrained in people psyche. This is demonstrated in stage plays and films where the 'virtuous hero wins over wivked villain. The fact that people would rarely accept the success of evil or unethical forces over the ethical or good ones has been demonstrated time and again by the failure in box office of such plays or films depicting such on unconventional formula.

Ethics are important not only in business but also in all aspects of life because it is an essential part of the foundation on which a civilized society is built. A business, as much as a society, that lacks ethical principles is bound to fail sooner than later.

HONESTY, INTEGRITY AND TRANSPARENCY ARE THE
TOUCHSTONES OF BUSINESS ETHICS

Ethical corporate behavior is nothing but a reiteration of the ancient wisdom that 'honesty is the best policy'. The dramatic collapse of some of the Fortune 500 companies such as Enron and WorldCom or the well- known auditing firm Andersen showed that even successful companies could ultimately come to grief, if their managers did not practice the basic principles of integrity. For every profession "we would think of a code of conduct or a set of values, which has a moral content and that would be the essence of ethics for that profession" There should be transparency in operations leading to accountability, which should ensure safety and protect the interest of all stakeholders.

VALUES AND ETHICS IN BUSINESS

Business ethics are related to issues of "what is right' and "what is wrong' while doing business. The constituents of business ethics include adherence to truth, a commitment to justice and public integrity. What values are to individuals, ethics are to business.

Personal values as we have seen earlier, refer to a conception of what an individual or group regards as desirable. A value is a view of life and judgment of what is desirable that is very much part of a person's personality and a group morale. Thus, a benign attitude to welfare is a value which may prompt an industrialist to do much more for workers than what the labor law stipulates. Service-mindedness is a value which when cherished in an organization would manifest in better customer satisfaction. Personal values are imbibed from parents, teachers and elders, and as an individual grows, values are adapted and refined in the light of new knowledge and experiences. Within an organization, values are imparted by the founder-entrepreneur or a dominant chief executive and they remain in some form, even long after that person's exit.

J.R.D. Tata once said this when asked to define the House of Tatas and what links that forge the Tata companies together. "I would call it a group of individually managed companies united by two factors: First, a feeling that they are part of a larger group which carries the name and prestige of Tatas, and public recognition of honesty and reliability trustworthiness. The other reason is more metaphysical. There is an innate loyalty, a sharing of certain beliefs. We all feel a certain pride that we are somewhat different from others". These several values that R.D. Tata refers to have been derived from the ideals of the founder of the group, Jamshedji Tata.

Business ethics operate as a system of values relating business goals and techniques to meet specific man ends. This would mean viewing the needs and aspirations of individuals as part of society. It also means realization of the personal dignity of human beings. A major task of leadership is to inculcate personal values and impart a sense of business ethics to the organizational members. At one end values and the shape the corporate culture and dictate the way how politics and power will be used and, at the other end, clarity the social responsibility in the organization.

A typical dilemma faced by people in business is to decide whether to reconcile the pragmatic demands of work which often degenerate to distortion of values and unethical business practices, or to listen to the call of the ‗inner voice' which somehow prevents them from using unethical means for achieving organizational goals. This dilemma stems from the fact that apparently the value system of the organization has already been contaminated beyond redemption.

Some analysts attribute this to the acceptable behavior in society at particular point of time or justify it in terms of the rapid transition of a developing society where social mechanisms become obsolete. For instance, many multinational companies (MNCs) in India indulge in some undesirable practices such as resorting to payment of speed money, bribery, use of substandard inputs, evasion of excise duties and corporation taxes, etc., which they would be wary of doing in their home countries because of the signs and penalty attached to such activities. Besides, the dire need to make a profit in a fiercely competitive environment also makes them indulge in such malpractices.

Corruption in industry, which is a major by-product of degradation of values and ethics, is also related to the stability of industry to stand up to the discretionary powers of a regulatory system designed and administered by an unholy alliance of bureaucrats and politicians. But repeated observations have shown that excel at organizations-besides other values have explicit belief in, and recognition of the importance of economic growth and profit, and are driven by values rather than avarice. It has been possible for Indian companies such as Infosys, Tata Steel, Asian Paints, Bajaj Auto and Wipro to excel on the basis of super ordinate goals, a set of values and aspirations and corporate culture. Managers, therefore, have to provide the right values and ethical sense to the organization they manage.

 Take for instance, such issues as consumers being taken for a ride on matters such as warranty, annual maintenance contracts, consumers being asked to pay very high prices for components, discriminating prices, management's collusion with union leadership, FEMA violations, and insider trading. lack of transparency, lack of integrity and unfair presentation of financial statements, feeding top management only with information they want to hear, window dressing of balance sheets, backdating of contracts, manipulation of profit and loss accounts, hedging and fudging of unexplainable and inordinate expenditures and resorting to *suppressio veri, suggestio falsi,* and continuous upward revaluation of assets to conceal poor performance, etc. These are only the tips of the iceberg.

VALUES, ETHICS AND BUSINESS STRATEGY

Personal values and ethics are important for all human beings. They are especially important for business man age as they are custodians of the immense economic power vested in business organizations by society. However, can managers prevent their personal values from affecting business strategy formulation and implementation? This is a tricky question.

It is often observed from failed corporations that management executive while working out their business strategy are guided generally by what they personally want to do, rather than what they have been directed to do by the board, or the company policy in the absence of any direct supervision. As a result, somewhere down the line, the right connection between values, ethics and strategy is lost while their managing business.
However, it is vitally necessary that business managers should be guided as much by values and ethics as by economic reasons. Guided by this, it can be added that —purity of mind‖, can come only from having the right connection between values ethics and strategy. It is imperative that executives take business decisions not only on the basis of purely economic reasons but on ethical and moral values as well

"Using ethical considerations in strategic decision making will result in the development of most effective long-term and short-term strategies. Specifically, ethical criteria must be included as part of the strategic process in before-profit decisions rather than after- profit decisions. This will enable the company to maximize profits and enhance the development of strategy and its implementation.

Decision between Values & Ethics:

At this point, it is necessary to differentiate between values and ethics Values are personal in nature (e. a belief in providing customer satisfaction and being a good paymaster) while ethics is a generalized value system (c., avoiding discrimination in recruitment and adopting for business practices). Business ethics can provide the general guidelines within which management can operate. Values, however, offer alternatives to choose from. For example, philanthropy as a business policy is optional. An entrepreneur may or may not possess this value and still remain within the limits of business ethics. It is values, therefore, that vary strategy formulation and implementation among managers in an organization and such a variance may be a source of conflict at the time of business strategy formulation and implementation.

Managers have to reconcile divergent values and modify values, if necessary. A typical situation of value divergence may arise while setting objectives and determining the precedence of different objectives. One group of managers (may be coalition) may be interested in production-oriented objectives-standardization and mass production while another group may stress marketing related objectives, product quality and variety, small-log production, etc. These interests may be legitimate in the sense that they arise from their functional bias. It is for the chief executive to reconcile the divergent values.
Obviously, this can best be done in the light of strategic requirements and environmental considerations.

Modification of values is frequently senior business strategy implementation. A particular business strategy, say of expansion, may create value requirments such as stress on efficiency, risk taking attitude; etc. Implementation may be sub-optimal if existing values do not conform to these requirements. In such cases, modification of values is necessary. But what was said of corporate culture is true for values too: They are difficult, if not impossible, to change, A judicious use of politics and power, redesigning of corporate culture, and making systematic changes in organization can help to modify values gradually.

ROOTS OF UNETHICAL BEHAVIOUR

People often wonder why employees indulge in unethical practices such as lying, bribery, coercion, conflicting interest, etc. There are certain factors that make the employees think and act in unethical ways. Some of the influencing factors are pressure to balance work and family, poor communications, pour leadership, long work hours, leave work long, lack of management support, pressure to meet sales or profit goals, little or no recognition of achievements, company politics, personal financial worries, and insufficient resources.

The statistical data given by Ethics Officers Association in 1997 show how certain practices or factors contribute to unethical behavior."

Balancing work and family 52% Poor

Leadership 51%

Poor internal communication 51%

Lack of management support 48%

Need to meet goals 46%

From the above statistics it is very much evident that conflicting interests lead to most of the unethical practices.

WHY DOES BUSINESS HAVE SUCH A NEGATIVE IMAGE?

The fact that by and large business has a negative image cannot be overstressed Books, journals, movies and TV shows invariably depict business in bad light Even though businessmen may not want to be unethical, factors such as competitive pressures, individual greed, and differing cultural contexts generate ethical issues for organizational managers. –Further, in almost every organization some people will have the inclination to behave unethically (the ethical egoist) necessitating systems to ensure that such behavior is either stopped or detected and remedied.‖

WHY SHOULD BUSINESS ACT ETHICALLY?

An organization has to be ethical in its behavior because it has to exist in the competitive world. We can find a number of reasons for being ethical in behavior, few of them are cited below: Most people want to be ethical in their business dealings. Values give management credibility with its employees. Only perceived moral righteousness and social concern brings employee respect. Values help better decision making.

There are a number of reasons why businesses should act ethically

- to protect its own interest;
- to protect the interests of the business community as a whole so that the public will have trust in it;
- to keep its commitment to society to act ethically;
- to meet stakeholder expectations;
- to prevent harm to the general public;
- to build trust with key stakeholder groups;
- to protect themselves from abuse of unethical employees and competitors;
- to protect their own reputation;
- to protect their own employees; and
- to create an environment in which workers can act in ways consistent with their values.

Besides, if a corporation reneges on its agreement and expects others to keep theirs, it will be unfair. It will also be inconsistent on its part, if business agrees to a set of rules to govern behavior and then to unilaterally violate those rules. Moreover, to agree to a condition where business and businessmen tend to break the rules and also get away with it is to undermine the environment necessary for running the business

Hard decisions which have been studied from both an ethical and an economic angle are more difficult to make, but they will stand up against all odds, because the good of the employees, public interest and the company own long-term interest and those of all stakeholders would have been taken into account.

Ethics within organizations is a must. It should be initiated by the top management, and percolate to the bottom of the hierarchy. Then alone, will the company be viewed as ethical by the business community and the society at large "Further, a well- communicated commitment to ethics sends a powerful message that ethical behavior is considered to be a business imperative.

 If the company needs make profit and to have a good reputation, it must act within the confines of ethics. Ethical communication within the organization would be a healthy sign that the company is marching towards the right path.

Internalization of ethics by the employees is of utmost importance. If the employer has properly internalized ethics, then the activities that individuals or organizations carry out will have ethics in them.

ETHICAL DECISION MAKING

Ethical decision making is a very tough prospect in this dog-eat-dog world. However, in the long run all will have to fall in and play fair. The clock is already ticking for the unscrupulous corporations. In this age of liberalization and globalization, the old dirty games and unethical conduct will no longer be accepted and tolerated.

Norman Vincent Peale and Kenneth Blanchard have prescribed some suggestions to conduct ethical business.

 • Is the decision you are taking legal? If it is not legal, it is not ethical.

 • Is the decision you are taking fair? In other words, it should be a win-win-equitable risk and reward

 • The Eleventh Commandment - Thou shall not be ashamed when found' meaning when you are hauled up over some seemingly unethical behavior, if one's conscience is clear, then there is nothing to be ashamed of.

HOW CORPORATIONS OBSERVE ETHICS IN THEIR ORGANIZATIONS?

Organizations have started to implement ethical behavior by publishing in-house codes of ethics which are to be strictly followed by all their associates. They have started to employ people with a reputation for high standards of ethical behavior at the top levels. They have started to incorporate consideration of ethics into performance review Corporations which wish to popularize good ethical conduct have started to reward ethical behaviour. Codes promulgated by corporations and regulatory bodies continue to multiply Some MNCs like Nike, Coca Cola, GM and IBM, and Indian companies like ICICI, TISCO, Infosys, Dr Reddy's Lab, NTPC, ONGC, Indian Oil and several others want to be seen as socially responsible and have issued codes governing all types of activities of their employees Securities and Exchange Board of India (SEBI), the Indian capital market regulator, Confederation of Indian Industries (CH) and such organizations representing corporations have issued codes of best practices and enjoy their members to observe them. These normative statements make it clear that corporate leaders anxious for business growth should not make plans without looking at the faces and Lives of those oppressed by poverty and injustice.

In fact, today, managers and would-be entrepreneurs are groomed to be ethical and socially to be ethical and socially responsible even while being educated. The Indian Institutes of Management (ITMS) and highly rated B-schools like Xavier Labour Relation Institute (XLRI) and Loyola Institute of Business Administration (LIBA), have courses in their curriculum and give extensive and intensive instruction in business ethics, corporate social responsibility and corporate governance. Many corporations conduct an Ethics Audit and at the same time, they are continuously looking for more ways to be more ethical.

CHANGING BUSINESS ENVIRONMENT AND ETHICAL CHALLENGES

Companies these days respond to the champion business environment by adopting new and effective tools to communicate their ethical culture. The fast-changing external environment of business necessitates positive changes in the response of individual organization. The change that is created by information and Technological explosion in such that organization cannot resist change any more. With these changes several ethical issues have to be faced and solved to the satisfaction of all stakeholders. Due to the increasing shift in business growth, most of the organizations tend to give more powers to those at the lower levels of hierarchy leading to decentralization of powers and decision making. The process of decentralization leads to a number of ethical issues in the organization. Conflicting goals of the individual and of the organization are the root cause of several unethical practices. Such strategic alliances have brought about complex and hitherto unknown ethical conflicts and have caused newer situations to emerge and challenge ethical decisions. With the huge increase in the availability of information coming from all sources such as partners, competitors and buyers, the possibility of unlawful and even illegal use of proprietary information is indeed enormous. When such conflicts of interest arise, companies have to solve them through ethical practices alone, as otherwise they will not in the long-run be able to survive in the modern fiercely competitive world.

 The ethical implications of a firm behavior in a fast changing business environment were considered by McCoy who thinks ethics to be the core of business behavior. He states: "Dealing with values requires continual monitoring of the surrounding environment, weighing alternative courses of action, balancing and when possible) integrating conflicting responsibilities, setting priorities among competing goals, and establishing criteria for defining and evaluating performance." Apart from these, there are learning ways that bring this ethical reflection directly and fully into the policy- making processes. Increasingly value-based skills are being recognized as integral components of performance and policy making and as central for effective management in a society and a world undergoing rapid change.

CORPORATE GOVERNANCE ETHICS

Though the concept of corporate governance may sound il novelty in the Indian business context and may be linked to the era of liberalization, it should not be ignored that the ancient Indian texts are the true originators of good business governance as one important sloka from the Rigveda says, "A businessman should benefit from business like a honey bee which suckles honey from the flower without affecting its charm and beauty"

Business ethics and corporate governance of an organization go hand in hand. In fact, an organization that follows ethical practices in all its activities will, in all probability, follow best corporate governance practices as well.

The Phoenix School of Management defines corporate governance as a set of policies and procedures that the company's directors employ in their conduct of the company's affairs and their relationship with shareholders to whom they are responsible as managers." The OECD, KPMG and the World Bank conceptualize corporate governance as an entire system with well-defined codes, rules and structures in order to direct and control business and non-business organizations.

There are some others who define corporate governance as the guiding principle that on one hand tries to synthesize the seemingly conflicting goals among individual, the corporation and the community, and an the immediate benefits to the corporation such as profits and the secular and lasting substantive social gains" But more commonly, corporate governance is understood as a set of rules that govern the administration and management of companies. It is considered as an entire system with codes, values, rules and structures to control the goals and goal performance of companies, and also as a method by which to evaluate the working of an organization in terms of how rights of various parties are defined and led in all these facets of corporate governance the underlying goal posts are transparency, integrity full disclosure of financial and non- financial information, protection of stakeholders interest are as much ethical practice as they are part of corporate governance.

As a public company, it is of critical importance that company's filings with the regulators are accurate and timely. The CEO and the senior leadership of the finance department bear a special responsibility for Promoting integrity throughout the organization, with responsibilities to stakeholders, both inside and out-side of the company. A company, well governed in every aspect of internationally accepted corporate governance norms would put in place the following ethical practices

1. Act with honesty and integrity avoiding actual or apparent conflict of interest in personal and professional relationships;
2. Provide information that is accurate complete objective relevant, timely and understandable to ensure full, fair, accurate, timely, understandable disclosure in reports and documents that companies file wit, or submit to the regulators;
3. Comply with the laws of the land, rules and regulations set forth by the different layers of governments and those of the regulatory bodies concerned with your business.
4. Act in good faith, responsibly, with due cure, competence and diligence, without misrepresenting material facts or blowing one's independent judgement to be subordinated;

5. Protect the confidentiality of the information provided at the workplace and not disclose it to anyone unless authorized or legally bound to do so.
6. Ensure confidential information made available in the place of work is not used to promote personal benefit.
7. Share knowledge and maintain skills important and relevant to stakeholders' needs. "Proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and the community; and
8. Achieve responsible use of and control over all assets and resources employed or entrusted.

HOW ETHICS CAN MAKE CORPORATE GOVERNANCE MORE MEANINGFUL?

1. Corporate governance: meant to run companies ethically in a manner such that all stakeholders, creditors, distributors, customers, employees, and even competitors, the society at large and governments are dealt with in a fair manner.

2. Good corporate governance should look at all stakeholders and not just shareholders alone. Otherwise, a chemical company, for example, can maximize the profit of shareholders, but completely violate all environmental laws and make it impossible for the people around the area even to lead a normal life. Ship breaking at Valinokkam, near Arantangi in Tamil Nadu, leather tanneries and hosiery units in Tirupur, have brought about too much of environmental degradation, and along with it untold miseries to people in and around their locations.

3. Corporate governance is not something which regulators have to impose on a management, it should come from within. There is no point in making statutory provisions for enforcing ethical conduct. There has been dozens of violations of SEBI rules, RBI guidelines, etc. when company management were not inclined to follow them. On the other hand, there had also been several instances where companies had gone beyond these rules to serve stakeholders since the top management preferred them that way.

4. There are several provisions in the Companies Act, (i) disclosing the interest of directors in contracts in which they are interested; (ii) abstaining from exercising voting rights in matters they are interested and (iii) statutory protection to auditors who are supposed to go into the details of the financial management of the company and report the same to the shareholders of the company. But most of these may be observed in letter, not in spirit Members of the board and top management should ensure that these are followed both in letter and in spirit.

5. There are a number of grey areas where the law is silent or where the regulatory framework is weak. These are manipulated by unscrupulous persons like Ketan Parekh and Harshad Mehta. In the United States, for instance, the courts recognize that new forms of fraud may arise, which may not be covered technically under any existing law and cannot be interpreted as violating any of the existing laws, For example, a clever conman can try to sell a piece of the blue sky In order to check much crooks, there is the concept of the blue sky' law, However, such wide-ranging processes are not available to courts in developing countries like India.

6. SEBI has jurisdiction only in cases of limited and listed companies and is concerned only with their protection. What about the shareholders and stakeholders of other unlisted limited companies that far outnumber listed companies?

7. The Serious Fraud Investigation Office (SIFO) in the Department of Company Affairs (DCA) has been engaging several "vanishing companies by 2003. SEBI has identified 229 vanishing companies-which tapped the capital market, collected funds from the public and subsequently became untraceable. However, thousands of investors have lost their hard-earned money and no agency has come to their rescue so far.

A business organization has to compete for a share in the global market on its own internal strength, in particular on the strength of its human resource and on the goodwill of its other stakeholders. While its state of the art technologies and high level managerial competencies could be of help in meeting the quality, cost, volume, speed and break even requirements of the highly competitive global market, it is the value- based management and ethics that the organization has to use in its governance. That would enable the organization to establish productive relationship with its internal customers and lasting business relationship with its external customers.

BENEFITS FROM MANAGING ETHICS IN WORKPLACE

Several benefits accrue to an enterprise if it is merged ethically.

They are the following

ATTENTION TO BUSINESS ETHICS HAS SUBSTANTIALLY IMPROVED SOCIETY

Establishment of anti-trust laws, unions, and other regulatory bodies has contributed to the development of society. There was a time when discrimination and exploitation of employees were high, the fight for equality and fairness at workplace ended up in establishing certain laws which benefited the society.

ETHICAL PRACTICE HAS CONTRIBUTED TOWARDS HIGH PRODUCTIVITY AND STRONG TEAM WORK

Organizations being a collection of individuals, the values reflected will be different from that of the organization. Constant check and dialogue will ensure that the value of the employee matches the values of the organization. This will in turn result in better cooperation and increased productivity.

CHANGING SITUATONS REQUIRES ETHICAL EDUCATION

Daring turbulent times, when chaos becomes the order of the day, one must have clear ethical guidelines to take right decisions. Ethical training will be of great help in those situations. Such training will enable managers manning corporations to anticipate situations and equip themselves to face them squarely.

ETHICAL PRACTICES CREATE STRONG PUBLIC IMAGE

Organizations with strong ethical practices will possess a strong image among the public. This image would lead to strong and continued loyalty of employees, consumers and the general public. Conscious implementation of ethics in organizations becomes the cornerstone for the success and image of the organization. It is because of this ethical perception that the employees of TISCO and the general public protested in 1977 when the then Minister for Industries in the Janata Government, George Fernandes, attempted to nationalize the company.

STRONG ETHICAL PRACTICES ACT AS AN INSURANCE

Strong ethical practices of the organization are an added advantage for the future function of the business In the long run, it would benefit if the organization is equipped to withstand the competition.

CHARACTERISTICS OF AN ETHICAL ORGANIZATION

Mark Pastin in his work, The Hard Problems of Management: Gaining the Ethical Edge provides the following characteristics of ethical organizations:

a) They are at ease interacting with diverse internal and external stakeholder groups. The ground rules of these firms make the good of these stakeholder groups parts of the organization own good.
b) They are obsessed with fairness. Their ground rules emphasize that the other person's interests count as much their own.
c) Responsibility is individual rather than collective, with individuals assuming personal responsibility for actions of the organization. These organizations ground rules mandate that individuals are responsible to themselves.
d) They see their activities in terms of purpose. This purpose is a way of operating that members of the organization highly value. And purpose ties the organization to its environment.

There will be clear communications in ethical organizations.

Minimized bureaucracy and control paves way for sound ethical practices.

RECOGNIZING ETHICAL ORGANIZATION

There are certain characteristics by which we will able to identify an ethical organization.

ON THE BASIS OF CORPORATE EXCELLENCE

Corporate excellence mainly centers on the corporate culture, Values and practice of such values constitute the corporate culture. Values of the organization give a clear direction to the employee. Values are found in the mission statement of the organizations. Often they remain as a principle and are never put into practice. Only the practiced value creates the organization culture. When values act in tune with the goals of the organization we call it as the corporate culture of that organization. Often we see conflicting interests between the value and the organizations' goal. Organizations must eradicate such impediments to be identified as ethical.

IN RELATION TO THE STAKEHOLDERS

Meeting the needs of stakeholders through the activities of the managers determines whether the organization is ethical or not. The top management is the representation of the stakeholders and every decision taken must satisfy the needs of the stakeholder. It need not be stressed here that it was the stakeholders' pressure that has been instrumental in bringing ethical issues into the Centro-stage of corporate agenda.
Consumers in most developed societies want corporations to demonstrate ethical responsibility in every area of their functioning and in their treatment of employees, the community, the environment, etc.

Companies have been prompted to change their way of thinking and working so that ethical issues and corporate responsibility become an integral part of their business. The management while taking decisions must see that the stakeholders enjoy the maximum benefit of that decision. For example, Marico, the makers of Parachute Oil, discovered a harmless tint in the oil from one of its production lines. The company withdrew the batch from the market shut down the production line, but kept the workers on payroll and involved them in the investigation of the cause. Shortly, the workers located the cause, rectified it and resumed normal production.

IN RELATION TO CORPORATE GOVERNANCE

Managers are only stewards of the owners of the corporate assets. Thus they are accountable for the use of the assets to the owners. If they perform well in the prescribed manner, then there would not be much question of corporate governance. Such behavior of the top managers would generate ethical practices or at least would encourage ethical practices in the organization If only the top management is paid as per their performance, this approach would work.

Ethics involves systemizing, defending and recommending concepts of right and wrong behavior. It is important to clarify what is not Ethic. Ethics is different from religion since it applies to all people irrespective of their religious affiliations. Ethics is not synonymous with law. Ethical standards are different from cultural traits. Ethics is also different from feelings. And strictly speaking, Ethics is not a science.

While personal ethics refers to the application of desirable values in everything one does, business ethics is the application of ethical principles of integrity and fairness, and concentrates on the benefits to all stakeholders. Business managers should have integrity, impartiality, and responsiveness to public interest, accountability, and honesty.

Prior to 1960, ethics was part of theological discussion. Later on writers like Raymond Baumbart, Richard T. De George, Themes Donaldson Patricia Werhane, Vincent Berry, and Manuel G. Velasquez contributed their mite ta the eroth of the subject. Alang with academic pursuits, the Church, B-schools and consumer movement also added to the development of business ethics.

In today's world, business of business is ethical business. With the globalization of business, monopolistic market condition or State patronage for any business organization has become a thing of past. A business organization has to compete for a share in the global market on its own internal strength, in particular on the strength of its human resource, and on the good- will of its stakeholders.

While its state-of-the-art technologies and high-level managerial competencies of an organization could be of help in meeting the quality, cost, volume, speed and breakeven requirements of the highly competitive global market, it is the value-based management and ethics in its governance that would enable it to establish productive relations up with its internal customers and Lasting business relationship with its external customers.

Real-type situations show that use of ethical practices in business creates high returns for companies, for example, Tata Steel and Infosys. Besides, running business ethically is good for sustaining business.

To exist and be successful in a competitive world business has to be ethical, Moral or ethical behavior should come from within and should be driven by examples of the top management. Managers have to reconcile divergent values and modify them if necessary. Organizations should work on synergy and delegation which will bring all round progress. Nowadays, companies adopt innovative tools to communicate their ethical culture as a response to the changing business environment. These changes bring in new issues and problems.

Several benefits accrue to a firm if it follows ethical practices: improves society, enhances productivity and team work, provides cause for ethical education, creates strong public image and insures against any pitfalls the firm may face.

An ethical organization can be recognized on the basis of its corporate excellence and its relation to the stakeholders it follows: corporate governance, a set of rules that govern the administration and management of companies. Its goalposts are transparency, integrity, full disclosure of financial and non-financial information, and protection of stakeholder's interests. These tenets are as much ethical practice as they are part of corporate governance. It is for these reasons that value-based management and practice of ethics have become imperatives in corporate governance now, and in the foreseeable future. If values are the bedrock of any corporate culture, ethics are the foundation of authentic business relationships.