

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

**VISTA OF BUSINESS ETHICS: A NAVIGATING FORCE FOR GOOD
GOVERNANCE**

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VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

Abstract

Business ethics is apparent in management literature and business houses today. The essence of human values is quite essential for a long term survival of business. Notwithstanding the social uncertainties and the business fluctuation in vogue, competitive survival is the call of the hour. Understanding human values as human emotions in recent times is a challenge across organizations. This paper holds a study on the relevance, applicability and rationale of business ethics as a gateway to organizational success and reviews the concept of ethics, prospects of business ethics, moral codes, ethical goals, diversity, decision making, legal perspectives, gender differentiation, ethics and international organizations. The paper ends with some firming up on international business ethics and HR initiatives in the workplace.

Keywords: ethics, values, human, diversity, gender

VISTA OF BUSINESS ETHICS: A NAVIGATING FORCE FOR GOOD GOVERNANCE

Establishing Ethics

In the last two decades the waves of several visible trends and attitudinal changes have been reflected in the management thoughts emphasizing on eternal human values. The timeless treasure of '*sanatana*' that which never perish continues to inspire humanity as captured by the famous verses from Gita '*Yadayada hi dharmasya*' signifying whenever there will be a decline in the human values there will be dharma or the morality to revive human values. With the flow of time, the essence of human values seem to be nurtured within the shell of Human Resource Management synthesizing a holistic view of life, touching the spiritual heights with material attainment. The new millennium of HR practices gives a futuristic look of human values in the name of 'Ethics'. "*All HR practices have an ethical foundation. Human Resource deals with the practical consequences of human behavior*". Business Ethics also termed as corporate ethics is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies, to all aspects of business conduct and is relevant to the behavior of the individuals and entire organizations (Kumar, 2003).

Business Ethics: Lessons & Prospects

Amidst waves of social uncertainties and business fluctuations, the navigating force behind strong governance vests on value education scripted through exploration, learning and co-curricular activities focusing on the ethical way of life. The sphere of industry driven by the individuals is the congruent of ethical culture directed in the cultivation of moral values enriched with the system of ethical knowledge mechanism. The initialization of ethical outlook gears up with the hub of data disseminated in the form of journals, research papers, books covering ethical issues, moral integrity and ethical decision making. The light of

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

ethical synchronization, uniformity and fairness are seen to be ignited within the inner instinct of the learners with reasonable understanding, justifiable opinion and sense of belongingness. The close intermediary forces underlying any business environment rests on manpower surrounded by society at large. The nucleus of Business-Government-Society is the core of every ethical structure prevailing across the boundaries. The essence of realistic view in the ethical court of righteousness creates a consciousness among the prospective aspirants of business and management. The bible of ethical codes are seen encrypted within the bounds of moral approach reflecting the key regions of ethical challenges, narrating the significance of ethical integration and visualizing the true spirit of ethical discipline. The culmination of national ideals with international views speak of the notion of east meets west through a consequential empirical approach translating the 'Kautilya Code' in the words of Weber. The choice of appropriate academic curriculum designed with ethical methods of self-assessment, attitude building frameworks and right conduct rules conducive for institutional ethical elevation all constitute a perfect equilibrium between business operation and holistic perspective of ethical responsibilities. The ethical pillars of value and wisdom depicted in the Buddhist architecture and scriptures interpret welfare of the community coined in today's world as Human Development projecting and promoting the '*good*' and '*goodness*' – the key words of global ethical transcript (Brenner, 1992).

Moral Codes and Fresh Incumbents at Work

In the organizational landscape the pillars of principals govern the basic functioning involving management of personnel. New entrants' role in the fulfillment of organizational goals encircled by ethical standards confronts confusion and meets perplexity. To identify the regions of puzzlement, the need for enhancement of ethical culture can be signified through realistic and rational human resource operation. Organizational state of affairs, tied with multifarious complexities compounded with uncertainties, create misconceptions in values

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

and ethics (Wack& Duncan, 1994). The key provinces of ethical dilemmas within workforce, customer spirit, and disagreement of interest and use of corporate assets can be identified in Table 1.

Provinces of Ethical Collision	Levels of Ethical Inconsistency
Workforce	⇒ Discrimination; Favoritism; Hassle; Work Life Balance; Variable Pay Roll; Disciplinary contradictions
Customer Spirit	⇒ Secrecy; Client liaison fiduciary accountability
Disagreement of interest	⇒ Inducement; Unjustified authority Information malpractices
Use of Corporate Assets	⇒ Reliability ; Goodwill Trustworthiness; Financial Transparency

Table 1: Junctures of Ethical Deviations

Amidst underlying waves of ethical misconceptions, the behavioral attributes of the new employees mislead to a wrong perception of organizational culture. Unfavorable attitudes of the superiors, fuzzy conception of ethical standards, opportunities for unethical activities, unjustifiable treatment on employees all result in adverse behavior on the part of fresh manpower. The levels of ethical behavior of an individual can be ascertained in a three-tier ethical scale, initiating with ‘pre-conventional’ stage wherein an individual is bound to adhere the rules laid down for self-development, following ‘conventional’ phase emphasizing the justification behind cognitive moral development for social endorsement and succeeds to the ‘post-conventional’ point projecting the independent visions of ethical standard beyond set of patterned rules. Human Resource Management has evolved as the backbone to regain from the illusionary ethical values and exaggerated misconceptions through interactive video, ethical games, moral dilemma discussions and imparting training at various levels of ethical misapprehension. The intensity of ethical training is resolved with defining ethical code - application of ethical framework- interface and recognition of ethical norms (Forsyth, 1981).

Rediscovering Goals & Ethics

The all-encompassing angles of direction constantly indicate the roadway to reach the goals of attainment. Realization of individual self-merged with ethical ideologies creates a significant impact in the accomplishment of desired organizational goals. The exploration of the twin wings of idealism & relativism establishes bondage of ethical principles tied with trait goal orientations (Urdu, 1997). An interconnectivity relationship between idealism-relativism-trait goal orientation-ethical dimensions is being drawn in the in Figure 1, which postulates that goal oriented behavior is an inevitable phenomenon in the analysis of ethical orientation.

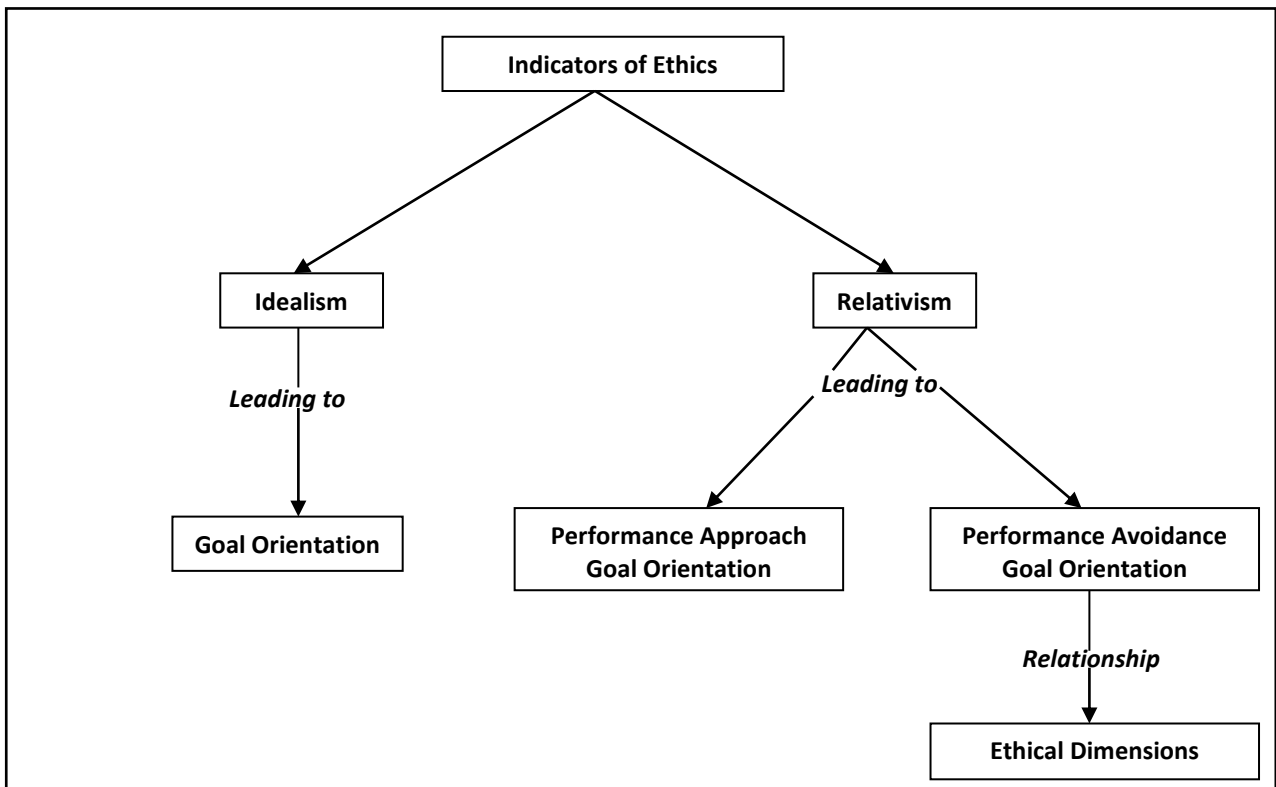


Figure 1: Roadway to Ethics & Goal Orientation

In order to bridge the gap between individual beliefs and set of standard norms coined as individual goal orientation and ethical ideologies, three broad parameters can be drawn to build connectivity with potential -personality and ethical-worth. The foundation of

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

relationship integration is erected on Ethical Ideologies, Goals & Ethics and Goal Orientations – all lying on the motivational plane of relationship is illustrated in the given

Figure 2.

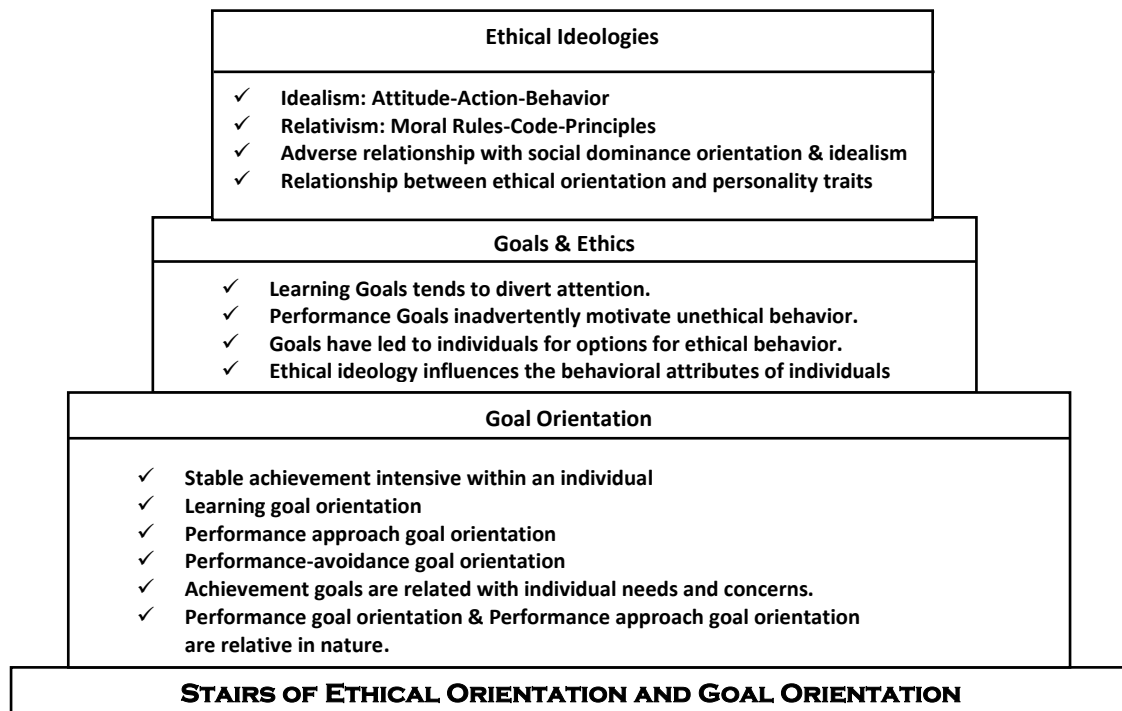


Figure 2: Orientation redefined through Ethics and Goals

Diversity Management and Ethics

The urge for excellence at the organizational ground is deeply rooted with human elements yielding crops of efficiency and productivity. A perfect blend of diversified values and potentials creates a sound working climate for the non-profiled work force contributing optimum outcomes in the qualitative and quantitative magnitudes. The scale of competence propounded by the ethical principles encourages the functional level of the executives in the organizational hierarchy. Appreciation of human ability, gratification of human rights and acknowledgment of human preferences are the key essentials of Diversity Management wherein ethics and productivity are merged with each other regardless of gender, age, religion, nationality and culture. The search for proficient human skill and its fair and equitable recognition in the diversified situations has become a difficult task for the

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

executives. To get acquainted with others, to share the emotional state of mind, to understand the feelings –all amalgamate into the streams of diversified human actions supplemented by righteous decision making showcased as ethical soundness and fostering growth and prosperity. In spite of disparity in compassion, the recognition of the employees at times are assessed on the basis of performance versus potentiality. The exigent work forces need to be exposed through support, learning and collaboration. Managing diversity skills is an endeavor to pursue all work-groups of both genders to appreciate the energizing, creative, idealistic and rational body of collective human forces. In the colliding steps of individualistic views, profile, ethics and culture this diversity needs to be balanced reasonably so that the willing members feel a sense of equity in minimizing stress and maximizing employee productivity at workplace (Gentile, 1998).

Entity Value on Decision Making

The selection of proper course of action out of abundant available alternatives demands correct assessment based on perfect judgment device. In the organizational zone of actions the collective values of the managerial squad acts as a predictor of human resource decision-making. An individual self-esteem takes the shape of a valuable component in the thought process of organizational operations. The worth of individual entity gets transformed into group integration and touches the feat of organizational value under the framework of human resource verdict. The ingredient of ideals, preferences, attitudes, viewpoints make the value element as the most unique and enduring. Originating from the human mind, the life-line of human values confronts hurdles of divergence and dilemmas, share harmony of mutual collaboration and acquire the accepted value structures all motivating the managerial behavior in the context of a judicious decision making situation. Feasibility of value in the perspective of traditional approach or the rational focus of value plays a significant position in the individual and managerial decision-making processes (Gibson & Gamble, 1999).

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

Individual values have undergone transition with resistance and fear of cultural differences, inclination towards authentic peer behavior, prominence on teamwork over in-house contest and shift from avoidance to facilitate the productive expression. The wide array of HR decision-making issues is very well associated with the component of human value, the magnitude of which cannot be ignored or be overemphasized to sustain reasonable balance between the human factor and organizational expectations.

Legal perspective of Business Ethics

The ever-increasing complexities in the competitive market have multiplied its density in recent years. The progression of growth has joined hands with irregularities complemented with increasing unethical behavior among the participants of the corporate province. Every action attributed towards the welfare of people must be evaluated on the scale of translucent yardstick formulated by rules framed from time to time. The set of rules integrated within the legal edge acts as a protective and defending shield against all created immoral course of actions which is detrimental for human advancement. Corporate rules appended with ethical parameters govern the moral outlook and righteous way of business functioning (Linda et al, 1999).

Any code of conduct followed unanimously by the individuals at different situations are considered as statute and commonly accepted as 'Rules'. The fundamental spirit underlying any business rules comprise of truthfulness, integrity and ethical conduct in handling professional and personal relationships added with full, fair and accurate disclosure of reports with adherence to government rules and regulations. The rules are not solely confined to do's and don'ts but commands, delivers and guides all acts ranging risks to returns. A tree will be regarded as beneficial when it yields fruits for human survival and so is the nature characterized by the rules where its applicability and acceptability is included in the plane of ethical decision making. The accord between rules and ethical principles is stringed through

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

the ethical decision process as identification of ethical issue, giving ethical verdict, initiating ethical performances, execution of ethical behavior as the aspects of ethical decision-making in real terms (Near & Miceli, 2001). This is depicted in Figure 3.

<p style="text-align: center;">Identification of Ethical issue</p> <ul style="list-style-type: none"> • Level of social development • Unawareness of others involvement • Remoteness from the affected people • Deliberate minimization of Ethical act. 	<p style="text-align: center;">Making the Ethical Verdict</p> <ul style="list-style-type: none"> • Reason influenced intuition • Social interaction • Process of improvement
<p style="text-align: center;">Initiating Ethical Performances</p> <ul style="list-style-type: none"> • Autonomy • Reactions • Justification • Reward for Ethical performance 	<p style="text-align: center;">Execution of Ethical behavior</p> <ul style="list-style-type: none"> • Clear cut intention • Transparent action • Compliance with rules • Expediting Ethical requirements

Figure 3: Four Quarters of Ethical Sphere

Diversified Ethics and Gender Differentiation

The tale of Adam & Eve commemorates the episode of humanity that both gender identities are inevitable and indispensable resources in creating the future, nurturing the past and believing the present in the accomplishment of the desired goal. The unified integration of ‘man-woman’ at times segregates themselves through the varied medium in terms of knowledge, psychology, attitude, biological attributes - all landing into the soil of discrimination and difference. The existence of divergence opens the doorway to variable ethical behavior in the organizational hemisphere. The age old tyranny of womanhood gets decomposed underneath by the social stigmas propounded and promulgated through the firm hands of man in the soil of living beings. In spite of the multi-faceted role played by the women in the functional contribution of the globe, still the vacuum of tolerance remains

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

imbalanced as the psychological constraints restricts the acceptability of women at the intricate layers of ethical understanding. The wall of difference between men and women remains shielded with social discrimination, mental dissonance and cultural conflicts. On the threshold of twenty-first century there is no reasonable argument to justify the age old disagreement for such inequality. The dimensions of outlook, behavior, views all culminate in the ever flowing waves of culture in the ambit of ideals, values, beliefs and aspirations. An upbringing of a child completes its journey to manhood or womanhood when the pillars of values disseminate through family, religion and social bodies. The building bricks of ethical foundation have its base seeded within the intelligence and mind of men and women which confronts conflicting situation bounded by prejudices, tradition and philosophy. In spite of diversifications in the system of lives, the disparity and dissimilarity seems natural, the unequal instinct gets recognition and distinctive attitudinal attributes are acknowledged in the arena of corporate culture and ethnicity (Gordon & King, 1998).

Business Ethics in International Organizations

The sustenance and the passion of institutions spread worldwide in the land of profitability and productivity are brought together under the unified umbrella of global code of ethics. The defined codes of ethical manual guides, directs and motivates the multinational bodies to elevate into the superlative platform of organizational culture. The mounting business trends encompassed with ethical understanding promotes and recognizes the essence of ethical diversity in the international arena. To combat with the rising corporate scandals among the trading organizations, ethical governance acts a building force for observance and maintenance of vigorous regulations designed with effective decision making mechanism and ethical values. The cross cultural relationships of various business entities within the prevailing climate and the possibilities of ethical dilemmas can be visualized from the ethical

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

image existing at the core of global business practices (Near & Miceli, 2001). This is illustrated in Figure 4.

ETHICAL PHENOMENON						
Entities	Issues	Environment	Responsibilities	Emergence		Outcomes
OECD	<ul style="list-style-type: none"> • Conflicting Interest • Inappropriate gifts • Sexual harassment • Unauthorized payment • Affirmative actions • Employee privacy • Environmental issues 	Organizational culture	<ul style="list-style-type: none"> • Influencing employee behavior • Upholding corporate image • Building Relationship • Incorporating Ethical Code 	Strong Ethical dilemma	<ul style="list-style-type: none"> • Creating misconceptions • Avoidance in inherent ability intellectual • Employee behavior remain inconsistent • Affecting institutional interest 	
ICC		Beliefs		Inability to handle		
ILO		Values		Un-uniform code of business Ethics		
CTC		Employee perceptions		Unpredictable situations		
		Potent tools				

Table 2: Relating International Ethical ‘Entities-Environment-Emergence’

OECD : Organization for Economic Cooperation and Development

ICC : International Chamber of Commerce

ILO : International Labour Organisation

CTC : Center for Transnational Corporation

At the helm of diversities of international organizations a standardized ethical code featuring salient aspects of business can be formulated for enforcement of universal code of ethics focusing on multivariate business situations across nations. A prime ethical code designed exclusively to handle multicultural, multinational, multilingual dilemmas at the background of international business bodies is a requisite in the coming years ahead.

Ethics & HRM across the International Limits

From the very dawn of human civilization the existence of moral values, harmonized as humanity, has paved the path of progression of human development. The splendor and glory of human race has its foundation embedded in ideals, principals and rules – all assimilated as code of conduct governing the self, the individual and the conglomeration of human force. Regardless of geographical borders the tune of universal ethical significance is echoing as the ring-tone in every human cell of organizational forces coined globally as ‘International Human Resource Management’. The emergence and the applicability of ethical programs in the form of written standards of conduct, ethical training, devices of ethical guidelines, disciplinary regulations, reporting mechanism of unethical acts and employee assessment with the yardstick of ethical conduct- all constitute the formulation and successful implementation of ethics program in organization. The nucleus of ethical movement centers around creation of ethical structure containing languages of guiding principles disseminated effectively among the members of the organizational work field. The essentials of ethical mission, in the framework of international human resource management, throwlight on creation, nurture, communication and efficacy in relation to ethical vaues in the work space (Vickers, 2005). This is depicted in the ethical pyramid illustrated in Figure 5.

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

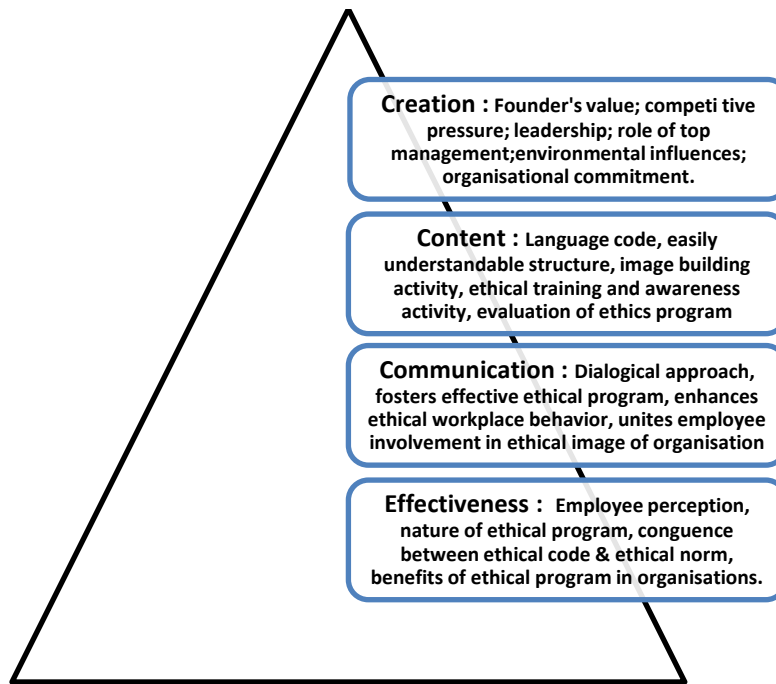


Figure 4: Ethical Pyramid and International Human Resource Management

The collaboration of ethical issues rationalized with institutional factors coupled with industry level elements within the state assimilates organizational associates to accomplish the core of values in the perspective of global human management. With the vibes of organizational values and individual aspirations, International Human Resource Management (IHRM) represents the ideals-image-idioms of ethical literature, which is a step forward for comprehensive implementation of effective ethical programs across the boundaries (Kumar, 2003).

Conclusion

What we care for today, dies down tomorrow; what we plan for today, becomes obsolete tomorrow; what we nurture today, may become irrelevant in future; yet we go on, living up to face tomorrow in all its stride, tread and gait. Caring for all micro and macro level changes, transformation and amendments in the work space, one needs to hold on to the notion of righteousness, ushering on a work-life of morality, rectitude and virtue. This bears expression as businesses today look in to the vista of ethics and ethical norms at work, caring to build a

VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

panorama of holding on to human values and emotions to match up with human expectations, desires and anticipations. Business ethics thus remains as an effective, active and operative navigator towards building a mature workplace in the true sense of the term.

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VISTA OF BUSINESS ETHICS FOR GOOD GOVERNANCE

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