

Corporate Ethics & Responsibility in Managing the Global Issues-Challenges and Opportunity

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The following two statements seem particularly appropriate to mark the International Business Ethics Review's first issue of the twenty-first century:

"I believe in corporations. They are indispensable instruments of our modern society. I believe they should be so regulated that they shall act for the interests of the community as a whole. We must handle the water, the woods, the grasses so that we will hand them on to our children and children's children in better, and not worse shape than we got them."

-By Lori Tansey Martens

Abstract

As we know that corporate ethics are the moral principles and standards that guide behavior in the world of business. The same principles that determine an individual's actions also apply to business. Acting in an ethical way involves distinguishing between "right" and "wrong" and then making the "right" choice. It is relatively easy to identify unethical business practices. For example, companies should not use child labor. They should not unlawfully use copyrighted materials and processes. They should not engage in bribery. However, it is not always easy to create similar hard-and-fast definitions of good ethical practice. A company must make a competitive return for its shareholders and treat its employees fairly. A company also has wider responsibilities. It should minimize any harm to the environment and work in ways that do not damage the communities in which it operates. This is known as Corporate Social Responsibility.

An attempt has been made in this paper to analyze the other factors related to corporate ethics prevailing within and outside the organization. In today's scenario corporate ethics and responsibility is having various challenges and opportunities which cannot be ignored for example - protocol system, grapevine communication, healthy and clean environment, creating crutches within the organization for working women, appointment of full time doctor in field of medicine to provide the emergency service if arises within the organization, coordination and cooperation among various departments/employees for the achievement of common objective. An attempt has also been made in looking other factors which prevail outside the organization like plantation of trees, reducing carbon footprints to make the environment clean, establishment of primary day boarding schools etc.

Many issues of marketing practices and ethics and social responsibility are also being considered to be contradicted almost an oxymoron to most people. Marketing professionals have also faced criticism in India about their activities which harm consumers, like deceptive practices, high pressure selling, high prices, shoddy or unsafe products, planned obsolescence, and poor service to disadvantaged consumers. In this paper we will be focusing on the factors which are mentioned above. The reason being that in various articles and research papers it has been observed that more emphasis is being put on how successful companies value Social Responsibility and Ethics like:

Corporate Ethics, Governance and Social Responsibility. In some other papers emphasis is been given to various CSR factors such as ethical systems like universalism, egoism, utilitarianism, relativism, virtue ethics, economic, legal & philanthropic responsibilities, intolerance of ineffective humanity, transcendent education, corporate compliance, corporate governance.

Therefore, in this research paper an attempt has been made to review those general factors which have great importance in CSR of any business ethics which are prevailing around us. We have seen the factors which have been highlighted in various earlier research papers and articles focusing on various complicated factors of CSR but not much have been said about the very basic and general factors which is also having a great importance as far as Corporate Social Responsibility is concerned.

Key words: Ethics, Challenges, Social, Code of Conduct, Environment.

Introduction

Business ethical norms reflect the norms of each historical period. As time passes norms evolve, causing accepted behaviors to become objectionable. Business ethics and the resulting behavior evolved as well. Business was involved in slavery, colonialism, and the cold war.

The term 'business ethics' came into common use in the United States in the early 1970s. By the mid-1980s at least 500 courses in business ethics reached 40,000 students, using some twenty textbooks and at least ten casebooks along supported by professional societies, centers and journals of business ethics. The Society for Business Ethics was started in 1980. European business schools adopted business ethics after 1987 commencing with the European Business Ethics Network (EBEN). In 1982 the first single-authored books in the field appeared.

Firms started highlighting their ethical stature in the late 1980s and early 1990s, possibly trying to distance themselves from the business scandals of the day, such as the savings and loan crisis. The idea of business ethics caught the attention of academics, media and business firms by the end of the Cold War. However, legitimate criticism of business practices was attacked for infringing the "freedom" of

entrepreneurs and critics were accused of supporting communists. This scuttled the discourse of business ethics both in media and academia.

Business ethics (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 or culture. It applies to all aspects of business conducts and it is also relevant to the conduct of individuals and organizations as whole.

Ethical issues include the rights and duties between a company and its employees, suppliers, customers and neighbors, its fiduciary responsibility to its shareholders and all others who are having the vested interest in the company. Issues concerning relations between different companies include hostile take-overs and industrial espionage. Related issues include corporate governance, corporate social entrepreneurship; political contributions; legal issues such as the ethical debate over introducing a crime of corporate manslaughter; and the marketing of corporations' ethics policies. According to IBE/ IPSOS MORI research published in late 2012, the three major areas of public concern regarding business ethics in Britain are executive pay, corporate tax avoidance and bribery and corruption.

Corporate Social Responsibility (CSR, also called corporate conscience, corporate

citizenship, social performance, or sustainable responsible business/ Responsible Business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. In some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further in the benefit of the society, beyond the interests of the firm, which is required by law." CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders.

The term "Corporate Social Responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed.

Critical Issues:

All professional associations have a Code of Ethics in place to guide and form practitioners' behavior and enable them "to resolve ambiguous or contentious issues concerning ethical conduct."

In our opinion every profitable and non-profitable organization should have certain code of conducts related to their workplace. In various research papers related to business ethics and CSR has already covered various aspects relating to ethics which should be strictly implemented in any organization. But there are certain issues which need to be focused and examined critically like every employee should be made accountable towards his assigned responsibility, there should be unbiased decisions to be taken at the senior level of management, there should be correct flow of information both vertically and

horizontally, the hierarchy levels should be maintained properly and decisions should come in open forum instead of closed door decisions which are generally been taken without taking the viewpoints of a larger group and which may result to unhealthy rivalries and environment of the organization.

The examples which have been given above by us also put a great impact on the business ethics and organizational environment which are generally being ignored in the various research papers or cases already dealt in business ethics and Corporate Social Responsibility.

In our view until and unless we are not taking care of these basic things how can we broaden up our concept which is being studied earlier in the research papers and case studies related to this.

"Ethics is the individual personality which turns into business ethics only and when it is taken on a positive note with a positive approach"

In above mentioned paragraph on critical issues there are few major questions which need to be answered like:

- Do really employees feel safe and secured relating to their jobs?
- Do we really provide stress free environment to the employees?
- Do we really justifiably categorize employees on the basis of their performance, behavior, attitude, ethics etc?
- Does the appreciation in a real term come to the real achiever of the goals?
- Are we taking care of the employees who are working at the zero level in the organization?

These questions are never been taken care off whenever the emphasis is put on business ethics. In our view an ethical issue is not only an identifiable problem, situation or opportunity that requires a person to choose from amongst several actions that may

be evaluated as right or wrong, ethical or unethical. Rather ethical issue contains right information to the right person, unbiased opinion and transparency in the system of any organization. Business organizations' developed various codes of ethics but hardly we have observed any basic codes which are asked in the questions above ever been dealt so far.

Now let us see certain global issues pertaining to business ethics:

In the world of global economy the firms are taking advantages at different levels relating to market potentials, human resources and local facilities in this context the most lively example is establishment of numerous BPO's/KPO's in India of other countries because here they get ample resources at lower cost on the other hand it has been observed that these BPO's/KPO's are not taking care of global ethics like payment at par what they pay in their respective countries according to the profile on which their own people are working in their country in same capacity.

It has also been observed that employees are been put under numerous stress, lack of safety less incentives and lack in providing both intrinsic and extrinsic awards. Since the companies work according to the shift prevailing in their country therefore it leads to highly insecured environment for the employees working in India in such BPO's/KPO's specially women workers.

Our observation is that this problem is not only with the BPO's and KPO's it also prevails in all the big companies which work as per the norms and standards of the organization pertaining to a particular country.

It has been observed through various research papers that MNC's focus less on the CSR towards the society. There are 3057 MNC's in India but it has been observed that only few companies are setting standards and are leading example in Corporate Social Responsibility like Indian oil, ABN AMRO Bank NV (India), ACC Ltd, Accenture Services

Pvt. Ltd, Ashok Leyland, Bajaj Auto Ltd, Bharat Heavy Electricals Ltd, Bharti Airtel Ltd, Dr Reddy's Laboratories Ltd, Ford India Ltd, Grasim Industries Ltd, HDFC Bank Ltd, Hindustan Lever Ltd, Housing Development Finance Corporation, Icici Bank Ltd, Infosys Technologies Ltd, ITC Ltd, Jubilant Organosys Ltd, Kansai Nerolac Paints Ltd, Larsen & Toubro Ltd, Mahindra & Mahindra Ltd, Maruti Udyog Ltd, MSPL Ltd, National Thermal Power Corporation Ltd, Nerolac Paints Ltd, ONGC, Reliance Communications Ltd, Reliance Industries Ltd, Sesa Goa Ltd, Sharp India Ltd, Sony India Pvt Ltd, SRF Ltd, SBI, SAIL, Tata Consultancy Services Ltd, Tata Motors Ltd, Tata Steel Ltd, Tata Tea Ltd, Tata Group, Tata Iron and Steel Co Ltd, Toyota Kirloskar Motor Pvt Ltd, Wipro Corporation, Yes Bank Ltd and others. ***"In our view business ethics & CSR are the two sides of one coin we can follow the ethics only if we are responsible towards the society as a whole"***

There are certain Global Challenges as well which are briefed as below:

There are certain eye opener challenges which are hardly focused earlier:

- Do we really follow the market ethics towards the facilitation of consumers/customers?
- Do we have any sound and secured system to avoid malafied practice?
- Do we really think any effective security measures in terms of any strategies to reduce ethnic conflicts, terrorism and the use of weapons of mass destruction?
- Do we really put in sincere efforts for the safety and security of women at workplace?

Conclusion

In this paper our main focus was to highlight those factors related to business ethics and corporate social responsibilities which are not been taken care off earlier through various research papers which have already been published.

Business Ethics prevails both inside and outside the organization and in our paper the focus has been made that first ethics should be inherent within the organizational environment and once those ethics are being followed in a proper and transparent way with considering all codes of conduct then only we should proceed for the external factors of Business Ethics prevailing outside the organization which are dealt in many ways in different research papers.

“Purity of characteristics depends upon purity of soul”

In lot of research papers many things have been said about corporate social responsibility like clean environment, plantation of trees, reducing carbon footprints etc. In our paper we have focused the corporate social responsibility to some other areas which need to be looked into in coming years like establishing of dispensaries, facilitating poor children, fundamental rights of getting free food, clothing and education. It is also a responsibility of an organization to build “Rain Basera's” in winter season and also it's a responsibility of an organization to build old age homes for old people who are homeless not cared by their children. In real terms if we can see these are the major actual business ethics and corporate social responsibilities which cannot be ignored completely.

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