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# The Role of Values and Ethics in Business in The Environment of Cut Throat Competition

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## Abstract

*Ethics tries to create a sense of right and wrong in the organizations and often when the law fails, it is the ethics that may stop organizations from harming the society or environment. Primarily ethics in business is affected by three sources - culture, religion and laws of the state. It is for this reason we do not have uniform or completely similar standards across the globe. It is the role of the management to motivate the employees and guide them as to what is right and wrong. Remember a boss is like the captain of the ship. It is your responsibility to take your team members along and provide constant mentoring.*

**Introduction: Values and ethics in simple words mean principle or code of conduct that govern transactions; in this case business transaction.** These ethics are meant to analyze problems that come up in day to day course of business operations. Apart from this it also applies to individuals who work in organizations, their conduct and to the organizations as a whole.

We live in an era of cut throat competition and competition breeds enmity. This enmity reflects in business operations, code of conduct. Business houses with deeper pockets crush small operators and markets are monopolized. In such a scenario certain standards are required to govern how organizations go about their business operations, these standards are called ethics.

**Business ethics is a wider term that includes many other sub ethics that are relevant to the respective field.** For example there is marketing ethics for marketing, ethics in HR for Human resource department and the like. Business ethics in itself is a part of applied ethics; the latter takes care of ethical questions in the technical, social, legal and business ethics.

**Origin of Business Ethics:** When we trace the origin of business ethics we start with a period where profit maximization was seen as the only purpose of existence for a business. There was no consideration whatsoever for non-economic values, be it the people who worked with organizations or the society that allowed the business to flourish. It was only in late 1980's and 1990's that both intelligentsia and the academics as well as the corporate began to show interest in the same.

Nowadays almost all organizations lay due emphasis on their responsibilities towards the society and the nature

and they call it by different names like corporate social responsibility, corporate governance or social responsibility charter. In India Maruti Suzuki, for example, owned the responsibility of maintain a large number of parks and ensuring greenery. Hindustan unilever, similarly started the e-shakti initiative for women in rural villages.

Globally also many corporations have bred philanthropists who have contributed compassion, love for poor and unprivileged. Bill gates of Microsoft and Warren Buffet of Berkshire Hathaway are known for their philanthropic contributions across globe.

Many organizations, for example, IBM as part of their corporate social responsibility have taken up the initiative of going green, towards contributing to environmental protection. It is not that business did not function before the advent of business ethics; but there is a regulation of kinds now that ensures business and organizations contribute to the society and its well being.

**Nowadays business ethics determines the fundamental purpose of existence of a company in many organizations.** There is an ensuing battle between various groups, for example between those who consider profit or share holder wealth maximization as the main aim of the company and those who consider value creation as main purpose of the organization.

The former argue that if an organizations main objective is to increase the shareholders wealth, then considering the rights or interests of any other group is unethical. The latter, similarly argue that profit maximization cannot be at the expense of the environment and other groups in the society that contribute to the well being of the business.

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Nevertheless business ethics continues to a debatable topic. Many argue that lots of organizations use it to seek competitive advantage and creating a fair image in the eyes of consumers and other stakeholders. There are advantages also like transparency and accountability.

**Importance of Ethics:** Most of us would agree that it is ethics in practice that makes sense; just having it carefully drafted and redrafted in books may not serve the purpose. Of course all of us want businesses to be fair, clean and beneficial to the society. For that to happen, organizations need to abide by ethics or rule of law, engage themselves in fair practices and competition; all of which will benefit the consumer, the society and organization.

Primarily it is the individual, the consumer, the employee or the human social unit of the society who benefits from ethics. In addition ethics is important because of the following:

1. **Satisfying Basic Human Needs:** Being fair, honest and ethical is one the basic human needs. Every employee desires to be such himself and to work for an organization that is fair and ethical in its practices.
2. **Creating Credibility:** An organization that is believed to be driven by moral values is respected in the society even by those who may have no information about the working and the businesses or an organization. Infosys, for example is perceived as an organization for good corporate governance and social responsibility initiatives. This perception is held far and wide even by those who do not even know what business the organization is into.
3. **Uniting People and Leadership:** An organization driven by values is revered by its employees also. They are the common thread that brings the employees and the decision makers on a common platform. This goes a long way in aligning behaviors within the organization towards achievement of one common goal or mission.
4. **Improving Decision Making:** A man's destiny is the sum totals of all the decisions that he/she takes in course of his life. The same holds true for organizations. Decisions are driven by values. For example an organization that does not value competition will be fierce in its operations aiming to wipe out its competitors and establish a monopoly in the market.
5. **Long Term Gains:** Organizations guided by ethics and values are profitable in the long run, though in the short run they may seem to lose money. Tata group, one of the largest business conglomerates in

India was seen on the verge of decline at the beginning of 1990's, which soon turned out to be otherwise. The same company's Tata NANO car was predicted as a failure, and failed to do well but the same is picking up fast now.

6. **Securing the Society:** Often ethics succeeds law in safeguarding the society. The law machinery is often found acting as a mute spectator, unable to save the society and the environment. Technology, for example is growing at such a fast pace that the by the time law comes up with a regulation we have a newer technology with new threats replacing the older one. Lawyers and public interest litigations may not help a great deal but ethics can.

**Sources of Business Ethics:** Ethics tries to create a sense of right and wrong in the organizations and often when the law fails, it is the ethics that may stop organizations from harming the society or environment. Ethics in general refers to a system of good and bad, moral and immoral, fair and unfair. It is a code of conduct that is supposed to align behaviors within an organization and the social framework. But the question that remains is, where and when did business ethics come into being?

Primarily ethics in business is affected by three sources - culture, religion and laws of the state. It is for this reason we do not have uniform or completely similar standards across the globe. These three factors exert influences to varying degrees on humans which ultimately get reflected in the ethics of the organization. For example, ethics followed by Infosys are different than those followed by Reliance Industries or by Tata group for that matter. Again ethical procedures vary across geographic boundaries.

**Religion:** It is one of the oldest foundations of ethical standards. Religion wields varying influences across various sects of people. It is believed that ethics is a manifestation of the divine and so it draws a line between the good and the bad in the society. Depending upon the degree of religious influence we have different sects of people; we have sects, those who are referred to as orthodox or fundamentalists and those who are called as moderates. Needless to mention, religion exerts itself to a greater degree among the orthodox and to lesser extent in case of moderates. Fundamentally however all the religions operate on the principle of reciprocity towards ones fellow beings!

**Culture:** Culture is a pattern of behaviors and values that are transferred from one generation to another, those that are considered as ideal or within the acceptable limits. No wonder therefore that it is the culture that predominantly determines what is wrong and what is right. It is the culture that defines certain behavior as acceptable and

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others as unacceptable.

Human civilization in fact has passed through various cultures, wherein the moral code was redrafted depending upon the epoch that was. What was immoral or unacceptable in certain culture became acceptable later on and vice versa.

During the early years of human development where ones who were the strongest were the ones who survived! Violence, hostility and ferocity were thus the acceptable. Approximately 10,000 year ago when human civilization entered the settlement phase, hard work, patience and peace were seen as virtues and the earlier ones were considered otherwise. These values are still in practice by the managers of today!

Still further, when human civilization witnessed the industrial revolution, the ethics of agrarian economy was replaced by the law pertaining to technology, property rights etc. Ever since a tussle has ensued between the values of the agrarian and the industrial economy!

**Law:** Laws are procedures and code of conduct that are laid down by the legal system of the state. They are meant to guide human behavior within the social fabric. The major problem with the law is that all the ethical expectations cannot be covered by the law and specially with ever changing outer environment the law keeps on changing but often fails to keep pace. In business, complying with the rule of law is taken as ethical behavior, but organizations often break laws by evading taxes, compromising on quality, service norms etc.

Let us go through some **workplace ethics**:

**Rules and regulations ought to be same for everyone.** Everyone needs to attend office on time irrespective of their designation, distance of their home from the workplace, salary or status. An individual cannot come to office late just because he is the team leader and his team is already present and working on his behalf. If a day's salary of a clerk is deducted for coming late to work, it should be the same for the marketing manager as well.

**Company's policies need to be communicated clearly too each and every one.** There should be transparency at all levels of hierarchy. Employees are the backbone of any organization and thus they must have a say in company's goals and objectives.

**An organization ought to respect its employees to expect the same in return.** Rules and regulations should not be too rigid. Don't expect an employee to attend office two days before his marriage date. If an employee is not keeping well, please do not ask him/her to attend office unless and until there is an emergency.

Management must not forget that money is a strong

motivator for employees. Everything is important, be it career, growth, job satisfaction but what is most important is employee's salaries. Do not unnecessarily hold their salaries for a long time unless and until there is really shortage of funds. In case of marketing and sales employees, conveyance and mobile bills must be cleared at the earliest. Do not ask for unnecessary bills and documents.

**Organization should not expect employees to attend office 365 days a year.** It is the responsibility of human resource professionals to prepare the holiday calendar at the beginning of the year and circulate the same among all employees. Let employees enjoy their respective festivals and come back to work with positive energy and smile. Infact allow them to go in the festive mood two days prior to the D day. Ask them to organize pre festival bashes at the workplace. Let them dress in colorful attires and have fun. Trust me, work never suffers this way. Rather, employees feel attached to the organization and strive hard to deliver their level best every time.

**Give employees the space they require.** Key responsibility areas need to be communicated to the employees on the very first day of their joining. Roles and responsibilities need to be assigned as per an individual's expertise and experience. Do not expect an employee with one year experience to head the marketing team. Employees need to be trained well. Organizations need to give at least six months time to the new employees to adjust in the new environment.

It has been observed that most of the times employees crib when they are underpaid. Make sure employees get what they deserve. **Salaries should be decided in the presence of the employee and also keeping in mind an individual's role in the organization, his/her gross salary in the previous organization, responsibilities within the current system and of course his/her years of experience.** One of the major reasons as to why employees quit their jobs after a year or so is poor appraisal system. Increments ought to be directly proportional to the amount of hard work an employee puts in throughout the year and also his/her performance. Unnecessary favors are against the workplace ethics.

**Do not be too strict with your employees.** Do not block all social networking sites. Blocking face book and Orkut is not the ideal way to ensure employees are working and not wasting their time. Even a 24 \* 7 check would not prevent employees from wasting their time unless and until they realize it themselves. The moment, you are strict with something, people would tend to do the same more.

**Workplace ethics ensures positive ambience at the workplace.** Workplace ethics leads to happy and

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satisfied employees who enjoy coming to work rather than treating it as a mere source of burden. Employees also develop a feeling of loyalty and attachment towards the organization.

Organizations need to have fool-proof systems to measure the performances of individuals. Appraisal system needs to be designed keeping in mind employee's performance throughout the year and his/her career growth. Periodic reviews are essential. It is mandatory for superiors to know what their subordinates are up to. You need to know who all are going on the right track and who all need that extra push. **Workplace ethics ensures management guides and mentors their employees well.** Appraisal and salary hikes should not happen just for the name sake. Workplace ethics is important as it enables management to treat all employees as equal and think from their perspective as well. Employees must have a say in their appraisal system. Transparency is essential.

An employee is bound to move on after a year or so if he/she is not appreciated and rewarded suitably. It is indeed the organization's loss when employees after being trained quit and move on. Do you think it is entirely the employee's fault? Why would an employee move on if he/she is fully satisfied with his /her current assignment? Employees change primarily because of two reasons - Career growth and monetary benefits. Management needs to make employees feel secure about their job and career. Unnecessary favoritism is against workplace ethics. If you favor anyone just because he is your relative, the other team members are bound to feel demotivated and thus start looking for new opportunities. An individual's output throughout the year should decide his/her increment.

Organizations need to stand by their employees even at the times of crisis. You cannot ask your employees to go just because you don't need them anymore or your work is over. Such a practice is unethical. How can you play with someone's career? If an individual has performed well all through but fails to deliver once or twice, you just can't kick him out of the system. Workplace ethics says that organizations need to retain and nurture talents. If you have hired someone, it becomes your responsibility to train the individual, make him/her aware of the key responsibility areas, policies, rules and regulations and code of conduct of the organization. Employees need to be inducted well into the system. They must be aware of the organization's policies from the very first day itself.

**Workplace ethics also go a long way in strengthening the bond among employees and most importantly their superiors.** Employees tend to lie if you do not allow them to take leaves. If you do not allow an employee to take leave on an important festival, what do you expect

the employee to do? What is the alternative left with him? He would definitely lie. Do not exploit your employees and don't treat them as machines. No employee can work at a stretch without taking a break. It is okay if they talk to their fellow workers once in a while or go out for a smoke break. Understand their problems as well. If you feel the problem is genuine, do not create an issue. It is but natural that once or twice they would definitely call their family members and enquire about their well-being. Superiors should not have a problem with that.

It has been observed that organizations which are impartial to employees, lend a sympathetic ear to their grievances and are employee friendly seldom face the problems of unsatisfied employees and high attrition rate.

Management plays an essential role in inculcating workplace ethics in employees. Bosses need to set an example for their subordinates. You need to come on time if you expect your team members to reach office on time.

**Management needs to act as a source of inspiration for the employees.** It is generally observed that team managers, leaders influence their team members to a large extent. Superiors strictly need to adhere to the rules and regulations of the organization for their employees to follow the same. Remember, you have no rights to scold your subordinates if you yourself are at fault. Moreover no one would bother to listen to you as well. Don't expect your team members to sit till late if you yourself leave early.

It is the role of the management to motivate the employees and guide them as to what is right and wrong. Remember a boss is like the captain of the ship. It is your responsibility to take your team members along and provide constant mentoring. Rebuking is not the only solution. If you know one of your team members is meeting his girlfriend during office hours, do you feel insulting or criticizing in front of others would help? NO. Call him to your cabin or speak to him in private and make him realize that it is not morally correct to bunk office. You need to counsel him and make him understand his mistake politely. Trust me, being rude would make the situation more badly. Do not discuss the matter in front of others. The other person might not like it. Your job is to make the other person feel guilty and realize that indeed he has done something wrong. Believe me; he would never repeat his mistake. **Constant communication between the management and employees is of utmost importance in inculcating workplace ethics.** Management ought to be transparent with its employees. Let them have a say in company's decisions. Let them decide what is right and what is wrong for them. Sit with them, discuss, brainstorm ideas and listen to what they have to say. Never ignore their opinions. Let them come out with their grievances.

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Lend a sympathetic ear to their problems as well. Try to provide them a solution. If you feel most of your employees have a problem coming to office early as they in any case have to stay back till late in the evening as per the client's availability, please adjust the office timings accordingly. How can you expect your employees to reach office sharp at 8 AM when they are leaving for the day at 10 PM. Remember, rules and regulations should not act as a hindrance in their performance? Be realistic and logical. If the problem is genuine and faced by a major chunk of employees, there is no harm in changing the policies. Think from the employee's perspective as well. Policies should not be too rigid.

Don't be too strict with the employees. If someone is not present in the office, please do not call his family members to enquire about him. No one would like it. We all are mature professionals to understand that if there is work, we need to finish it first rather than waste our time in gossiping and surfing social networking sites. Management can't force employees to respect the organization. Respect must be commanded and not demanded. Respect your employees if you expect the same in return.

**Some organizations do not easily release their employees. Remember, you cannot stop an individual from changing his job if he/she has already decided to move on.** Try to convince him once and if he/she is still not willing to continue, let him go. Employees depend on fake relieving letters, experience certificates when they do not get it from their previous organization on time.

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