

BUSINESS ETHICS

A Reference Book for Commerce Students

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PERFACE

I am extremely happy to present a text book "Business Ethics" to the teachers and students. This book is specially prepared for the commerce students .

I do not claim any originality of this book since many standard text books are being referred while writing this book. The main purpose of preparing this book is to make the subject Business Ethics student friendly. Hope this book will motivate the students for further study in the subject.

I express my profound gratitude to my teachers, well-wishers and teacher friends for their encouragement in the preparation of this book, I am also thankful to Edwise Publishers, Mangalore, for bringing out this book.

I am thankful to my wife Dr. Sulatha Vidyadhar of Alvas College, Moodbidri and son Suveeksh for their constant support. I am thankful to our Principal Prof. Shrivarma Ajri M and my institute colleagues for their support and encouragement.

I shall consider my efforts amply rewarded if this book is found useful by the teachers and the students. Suggestions and guidance for improvement of this book will be gratefully accepted.

March 2022

Vidyadhara Hegde S.

Moodbidri

BUSINESS ETHICS

Objective: To familiarize the students about business ethics and corporate social responsibility.

MODULE I

12 HOURS

BUSINESS ETHICS – Meaning of ethics, Nature of ethics, Objectives of ethics, Sources of ethics, Types of ethics, Meaning and definitions of business ethics, Objectives of business ethics, Nature of business ethics, Characteristics of business ethics, Need for business ethics, Importance of business ethics, Factors influencing business ethics. Functions of business ethics, Ethical theories. Managing ethics in business, Ethics in functional areas of business, Ethical Dilemma in organizations, Ethics in global business, Values, Norms, Beliefs, Virtues, Morality, Moral standards.

MODULE II

12 HOURS

CORPORATE SOCIAL RESPONSIBILITY - Meaning & Definition of CSR, History & evolution of concept of CSR. Concept of Charity, Corporate philanthropy, Approaches to Corporate Social Responsibility, Corporate Citizenship, Sachar Committee's Suggestions; Arguments for and against Corporate Social responsibility CSR-an overlapping concept. Concept of sustainability & Stakeholder Management. CSR through triple bottom line and Sustainable Business; relation between CSR and Corporate governance; environmental aspect of CSR; Chronological evolution of CSR in India; Models of CSR in India, Carroll's model; Drivers of CSR; Major codes on CSR; CSR Initiatives in India. CSR legislation in India.

TOTAL HOURS = 24

CONTENTS

Module - I. Business Ethics	1 – 86
Module - II. Corporate Social Responsibility	87 – 166

Introduction:

How should we live? Shall we aim at happiness or at knowledge, virtue, or the creation of beautiful objects? If we choose happiness, will it be our own or the happiness of all? And what of the more particular questions that face us: is it right to be dishonest in a good cause? Can we justify living in luxury while elsewhere in the world people are starving? Is going to war justified in cases where it is likely that innocent people will be killed? Is it wrong to clone a human being or to destroy human development in medical research? What are our obligations, if any, to the generations of humans who will come after us and to the nonhuman animals and plants with whom we share the planet? Ethics deals with such questions at all levels. Its subject consists of the fundamental issues of practical decision making, and its major concerns include the nature of ultimate value and the standards by which human actions can be judged right or wrong.

The terms **ethics** and **morality** are closely related. It is now common to refer to ethical judgments or to ethical principles where it once would have been more accurate to speak of moral judgments or moral principles. These applications are an extension of the meaning of ethics. In earlier usage, the term referred not to morality itself but to the field of study, or branch of inquiry, that has morality as its subject matter. In this sense, ethics is equivalent to moral philosophy. Although ethics has always been viewed as a branch of philosophy, its all-embracing practical nature links it with many other areas of study, including anthropology, biology, economics, history, politics, sociology, and theology. Yet, ethics

remains distinct from such disciplines because it is not a matter of factual knowledge in the way that the sciences and other branches of inquiry are. Rather, it has to do with determining the nature of normative theories and applying these sets of principles to practical moral problems.

Ethics is not recent phenomenon. Ethical codes have been prepared along with the development of human civilization. In olden days, people might have found some of their actions was wrong and others right. The question what is right and what is wrong gave birth to ethical and unethical codes. The 3 C's of Business ethics:

1. Compliance (The need for compliance of rules including)

- Laws • Principles of morality • Policy of the company.

2. The Contribution (business can make to the society) • The

- core values • Quality of products/services • Employment • Usefulness of activities to surrounding activities • QWL

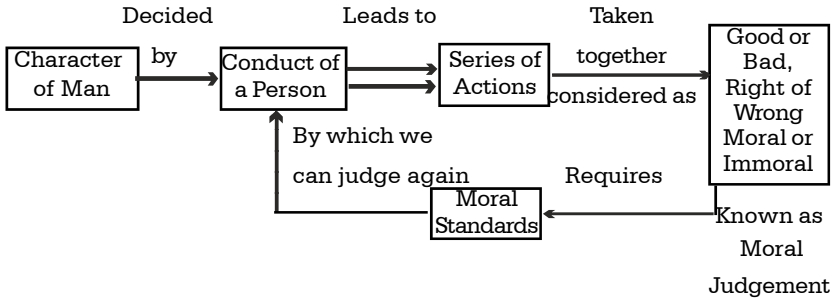
3. The Consequences of business activity • Toward environment

- inside and outside the organization • Social responsibility toward shareholders, bankers, customers and employees of organization • Good public image, sound activity- good image.

Meaning of Ethics:

The word ethics is derived from the Greek word 'Ethicos' and Latin word 'Ethicus'. In fact, this word has originated from 'ethos' mean custom or character. Ethics is thus said to be the source of morals: moral principles; recognized rules of conduct. The concept of ethics deals with human beings. So it is a social science. Ethics is a branch of philosophy and is considered as normative science because it is concerned with norms of human beings. The character of a man is expressed in terms of his conduct. Ethics thus can be considered as the source of character of a person expressed as

right or wrong conduct or action. The following figure explains the relationship between these characters.



Meaning of Ethics

Definitions of Ethics:

In the words of **Peter. F. Drucker**, -Ethics deals with right actions of individuals. Ethics includes the following 1. Well based standards: Ethics refers to well based standards of right and wrong that prescribe what humans ought to do 2. Study and development of one 's ethical standards: Ethics refers to the study and development of one 's ethical standards.

Barry defined, Ethics as, "Ethics is a study of what constitutes good and bad human conduct, including related activities and values".

According to **R. Wayne Mondy**, "Ethics is the discipline dealing with what is good and bad, or right and wrong, or within moral duty and obligation".

Richard William Paul and Linda Elder define ethics as "a set of concepts and principles that guide us in determining what behavior helps or harms sentient creatures". Paul and Elder state that most people confuse ethics with behaving in accordance with social conventions, religious beliefs and the law and don't treat ethics as a stand-alone concept.

According to **Oxford Dictionary**, “Ethics is the study of morals and moral choices. It focuses on standards, rules and codes of conduct that govern the behavior of individuals and groups”.

The Cambridge Dictionary of Philosophy states that the word “ethics” is “commonly used interchangeably with ‘morality’ ... and sometimes it is used more narrowly to mean the moral principles of a particular tradition, group or individual.”

As per **Brian Harvey**, ethics stands for practice as well as a reflection on that practice. As a practice, it can be described as the conscious appeal to norms and values, to which, on reasonable grounds, we hold ourselves obliged, as reciprocally, we hold others obliged to the same norms and values. As a reflection, ethics is the methodical and systematic elaboration of the norms and values, we appeal to in our daily activities.

Concise Oxford Dictionary defines ethics as, “Ethics is relating to morals; treating of moral questions; morally correct; honorable. It is also the study of morals and moral choices. It focuses on standards, rules and codes of conduct that govern the behaviour of individuals and groups.”

EVOLUTION OF ETHICS

Social conduct has evolved along with the evolution of society. When your elders tell you ‘Do not cheat’, they are referring to social; code of conduct. Social conduct has developed in society over hundreds of years. The codes of conduct have been passed down from generation to generation, and there is a pattern to the evolution of such codes. Acceptable behaviour is promoted and elevated as a social value, and unacceptable behaviour is rejected and, in ancient India, there was no moral problem with the custom of Sati-immolating the wife on the funeral pyre of the deceased husband. But society has evolved humanely and has condemned the act as

unacceptable and morally reprehensible. The laws of a country are based on the customs or moral codes of its society.

Penalties are prescribed for bad actions- actions that contradict the established laws. The laws are a measure against those people who cross the limits of the code of social conduct, and ensure that good citizen is protected from the negative consequence of the law-breakers. The object of the social codes of conduct are to maintains, promote, and elevate harmonious relationship. ' Honors your parents' is one such code. It maintains a peaceful relationship between parents and children and promotes respect for each other in the family. Because of its salutary effects, it is considered as one of the fundamental values to be cultivated.

Ethics evolves over time. It is difficult for both companies and professionals to operate within one set of accepted standards or guidelines only to see them gradually evolve or change. For example, bribery has been an accepted business practice for centuries in Japan and Korea. When these nations adjusted their practices in order to enter the global system, the questionable practices became illegal. Hence a Korean businessman who engaged in bribery ten or twenty years ago may not do so today without finding himself on the other side of the law. Even in the United States, discrimination and business-regulation laws have changed tremendously over the last several decades. And who can know what the future holds? Some of the business practices that are commonly accepted today may be frowned on tomorrow.

Scope of Ethics:

Ethics is primarily a part of the quest for truth and the motives for studying it are desirable for knowledge. It enquires into the nature of the springs of actions, motives, intentions, voluntary actions and so on. It determines rightness or wrongness of human actions. It does not enquire into the origin and growth of human
