

Ethical Values In Business And Industry

I. Annapurna

Abstract

The word "Ethics" borrowed from Greek means spirit of culture. According to Oxford dictionary it is a moral principle that governs or influences a person's behaviour.

Regarding managerial ethics, King Manu states, "No one who ignores the principles of philosophy and psychology can bring any human activity to successful issues".

According to Nobel laureate Milton Friedman, Corporate governance is to conduct business to make as much money as possible conforming to the basic rules of the study embodied in law and local customs. Corporate Governance is the social, legal and economic process by which companies function and are held accountable.

The ultimate meaning of Ethics in industry and business is that no consumer should be harmed in any way by entering any sort of agreement with the business and industry. This definition can be written in our traditional way as: one has to earn Artha (Wealth) only through Dharma (Truthfulness) to fulfil the Kama (Desires), to finally achieve the Moksha (Salvation the ultimate goal). If anybody does anything contrary to this he / she will have to answer the conscious (Antharathma) at the end.

Keywords: Ethics, Greek, Culture, Industry, Business, God.

The industry consists of top, middle and lower management. The role of top management is planning and decision making. The middle management deals with devising and implementing successful ethical management practices. And the lower management exercises discipline, concentration and attention on the assigned job.

Though the ultimate goal of every commercial enterprise is profit, the means should be ethical. There is always the problem of competition, this should be dealt with only by quality and reliability of services, then only, success will be permanent. When the top management fixes targets, the middle management has to plan to satisfy the top by means of ethical practices only. Contrary to this many institutional managements make unethical and undesirable practices and implement them only to get ultimate failure. Manipulations cannot give final success to any institution.

The following examples prove these statements

- a) Total failure of ENRON of US, an electrical company,
- b) The unethical practices of middle management for selfish motivations with total manipulations in planning and implementation of housing loans, creating

false wealth by re-mortgaging the mortgage certificates led to the failure of Lehman & Brothers and unethical practices of middle managements of many other US banks created a havoc in the world financial system by, showing larger turnouts and grabbing bigger rewards for their mischievous achievements.

These are the classical examples of immoral and unethical practices of production and financial sectors. In these cases not only the managements and share holders of the institutions were harmed, but also the whole economies of the nations. In this case the mortgage lenders spent \$180 millions to guide and misguide both the consumer and investor and finally created illusion in the financial markets.*

The pharmaceutical research and manufacturers of US spent over \$ 6 million for lobbying through corrupt practices to promote their products. The US arms manufacturing industry has spent over \$ 17 millions during 2007-08 financial year to make immoral gains.

A classical example of unethical and defective management is of Broker Manager Mr, Nickleson – Baring Bank, UK who made unwanted pattern of transaction through stock markets at Singapore stock exchange causing a loss to the tune of \$ 1.4 billion to his bank during 1992, but got a bonus of 1,30,000 Pounds and a salary of 50,000 Pounds for that year. And this transaction finally resulted in bankruptcy and dissolution of Baring Bank on 26th feb 1995, and he was named a rogue trader. It resulted in a total loss to thousands of depositors of that investment bank.

[* Ref: “ Corporate lobbying and democracy” The Hindu, Dt:Sep 29th 2009, p. 8]

In the Indian context the high level corruption in corporate management resulted in the following examples : Harshad Mehta to Ketan Parekh UTI, FIASCO to recent Global Trust Bank failure as also Satyam Computers.

Besides these negative examples there are positive approaches too in the market. The value system of JRD Tata and his associates were responsible for the voluntary incorporation of its social and moral responsibilities to consumers, employees and share holders, society and the people in the article of association of TISCO.

Good governance stands on four pillars which determine the profile of a country or organization. They are :

1. Transparency
2. Responsibility
3. Accountability
4. Information

At present, the responsibility of managing business and industry ethically has to be shouldered by all the managers that is, the managers of organization, society, nation and the world as a whole.

To have continuous self-motivation, let it come from within and from awareness of life. The ‘ABC’ of ethical life are - Awareness, Belongingness and Commitment. In

the present scenario of business and industrial organization-

transformation of the organization is the transformation of managers & working community. Working personnel's effectiveness will result in organizational excellence.

The true implication of ethics in the sphere of excellence seems to be to 'excel' in setting goals and targets of the business houses. In this era of globalization, Ethical values in business and industry act as 'Soul', that dwells in the heart of every human activity and in the body of every business organization.

Dr I. Annapurna, Reader, P.G. Department of Economics, St. Theresa's College for Women, Eluru.