

INTRODUCTION TO BUSINESS ETHICS- SESSION 5

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TOPICS TO BE COVERED

- Fundamental rules of ethics
- Golden rules of ethics
- Branches of ethics
- Nature of ethics
- GOI efforts to ensure ethical practices

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FUNDAMENTAL PRINCIPLES OF ETHICS

- ✓ **INTEGRITY**
- ✓ **OBJECTIVITY**
- ✓ **CONFIDENTIALITY**
- ✓ **PROFESSIONAL COMPETENCE AND DUE CARE**
- ✓ **PROFESSIONAL BEHAVIOUR**



ETHICS UNIVERSAL/CONSTANT?

Ethical principles are some thing we follow regularly in our life

Some principles are universal.

Right	Wrong
Honesty	Lying
Reliability	Cheating
Mutual respect	Stealing
Nonviolence	



EXCEPT IONS

a. Thief breaks in to your home

Will you tell truth?

b. Can a doctor reveal the serious
illness to patients



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➤ Many Ethical values have changed basing on changes in society and time

Eg: Abortion-Immoral but not now

Child marriage, sati, untouchability, caste

Ethical values different in many cultures

Eg: Polygamy, using ornaments



- Morality based on **Personal perception**
- Which is good for some one may not be good for some one else

Eg: **Terrorism**
culture

Western



- ✓ **Meta Ethics**-Studies meaning
- ✓ **Normative Ethics**-Gives prescription
- ✓ **Applied Ethics**-Use of Ethics
Eg: Medical ethics, legal Ethics, A&F Ethics, Environmental Ethics, Business Ethicsetc.,

NATURE OF ETHICS

- Standards of **Behavior** tells us how to behave
- Not same as **Feelings**
- Feelings-Personal
- Ethics is **not religion** but it is advocated by religion
- Ethics **is not law** but law contains ethics
- Vary from **society to society**
- Ethics is not **science**

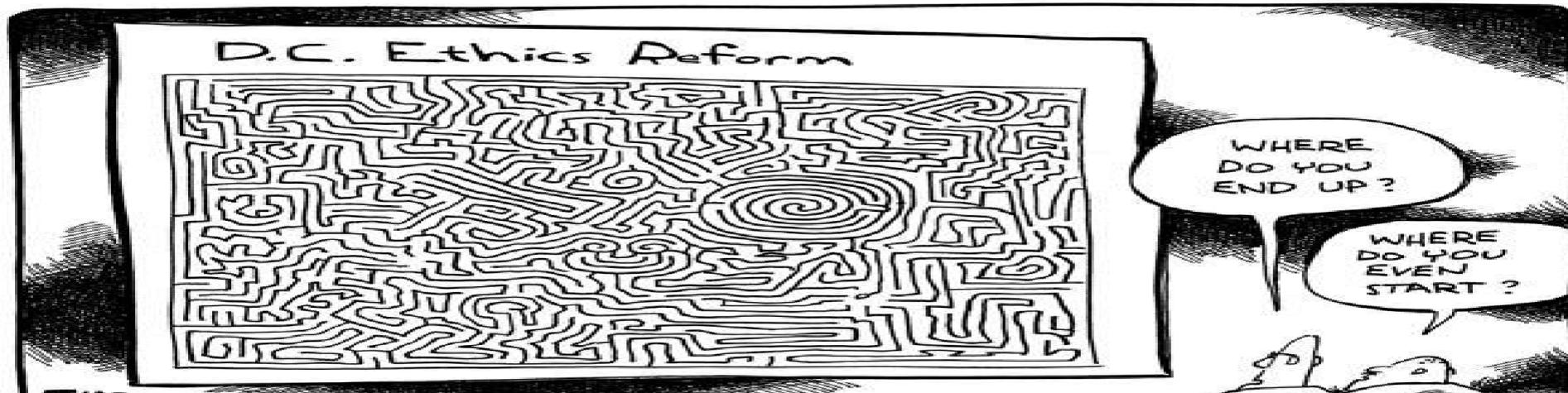
WHY ETHICS DIFFICULT TO UNDERSTAND?

Difficulty Though it is common in daily life

a. Base for Ethical standards?

b. How can we apply these standards?

Application based on **demand of the situation**



SOURCES TO ETHICAL STANDARDS

5 major sources

1. Utilitarian Approach
2. Rights/Deontological Approach
3. Fairness Approach
4. Common Good Approach
5. Virtue Approach



UTILITARIAN APPROACH

- ✓ Do **more good** do **less harm**
- ✓ Produce **balance** between good and harm
- ✓ Deals with **consequences**



RIGHTS

APPROACH

- ***Ethical action is which that protects and respects the moral rights who got affected***
- ***Based on Human Dignity gives ability to choose freely, what they do with their lives***

Eg: Ten commandments



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FAIRNESS APPROACH

Aristotle contributed this idea
**TREAT ALL HUMAN BEINGS
EQUALLY**



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COMMON GOOD APPROACH

- Life is good in itself, and our actions *contributed to that life*
- Relationship based on Ethical reasoning
- Calls common conditions for welfare of Every one
- System of law, Effective Enforcement, Educational system or even public relational areas

- ✓ **Ancient Approach**
- ✓ **Ethical actions consistent with some ideal virtues(Beliefs)**
- ✓ **Honesty,Courage,Compassion**
- ✓ **Generosity,Tolerance,**
- ✓ **Fidelity,Self control**

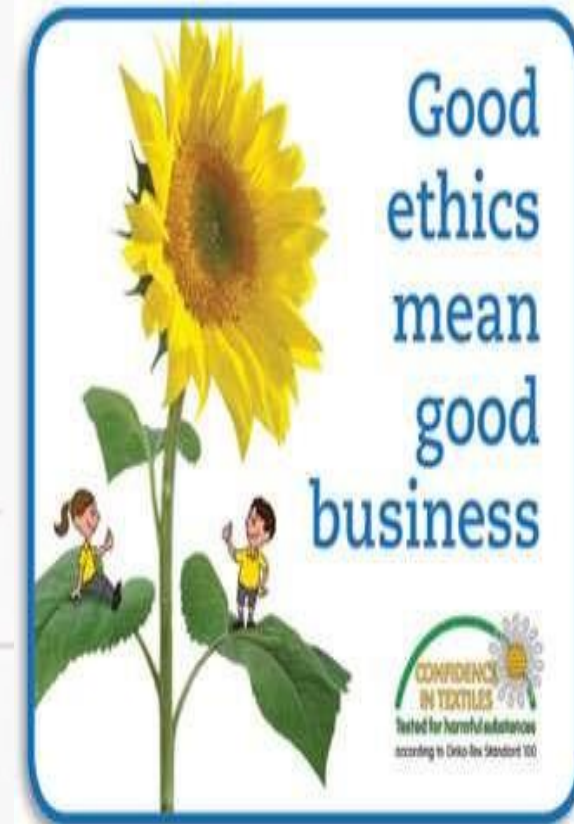
“IS THIS ACTION CONSISTENT WITH MY ACTING AT MY BEST?”

“WHAT KIND OF PERSON WILL I BECOME IF I DO THIS

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BUSINESS ETHICS

- Application of **Every day moral** or **Ethical norms** to Business
- Being Ethical requires acting with **awareness of how**
 - Products and Services
 - Actions of Employees
 - Stake holder and society



- Code of conduct
- **Code of conduct for doing Business**
- **Unite in common pursuit of justice –Mahatma Gandhi**
- **Truthfulness in Business,conduct reflection of their country**

NEED

- **Application of Ethics in Business**
- **Authority to use Natural Resources**
- **Engaged in Social Contract**
- **Business man-Trustee**



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- Major Emphasis on **CSR**
 - Responsible for Share holders and Stake holders
- Responsible for **Share holders** and **Stake holders**
 - Ethics in Company's –MISSION Statement
- **Ethics in Company's –MISSION Statement**
 - Profit Maximisation to Wealth Maximisation
- **Profit Maximisation to Wealth Maximisation**

ETHICAL INFLUENCE



Plant location

Areas of Business	Ethical Practice
Plant location	Environment Impact
Product	Pollution
Purchase & Storage	No hoarding of finished goods
Advertising	Safety Regulations
Transportation	Realistic Claims
Finance	Appreciation of Capital
Personnel	Equitable treatment

BENEFITS OF FOLLOWING BUSINESS ETHICS

- **Easier change management**
- **Strong team work and productivity**
- **Enhanced Employee growth**
- **Guarantee that personnel policies are legal**
- **Helps to detect violations easily**
- **Helps to manage values associated with quality management, strategic planning**

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ETHICAL DILEMMAS

Dilemma means **Confusion**

Ethical dilemma:

Eg; Rama



**Obey or Rule
kingdom**

➤ Arises When there are Alternatives





ETHICAL DILEMMAS IN BUSINESS

- Only few issues are **straight forward**
- In many cases conflicts **with out** clear option
- Arises to manager to **decide** between
 - i)Right and wrong
 - ii)Right & Right
- In finding solutions business man face **Ethical dilemmas**
- Most often **business interests conflict with moral values**
- Eg., Bribe Or a means of sales promotion

GUIDELINES TO HANDLE ETHICAL DILEMMA

- **Define problems clearly**
- **Stood on the other side of the fence**
- **How did the situations arise?**
- **Intention in making that decision**
- **Who will injure by your decision?**
- **What is probable results of the decision?**
- **Can you discuss with affected parties before decision?**
- **Symbolic potential of your action, if understood or misunderstood?**
- **Exceptions to your stand?**

WHY ETHICAL PRACTICES?

SLIPS-R

1. Self Interest
2. Reward Motive
3. Social Pressure
4. Legal Need
5. Consistent with profit Motive
6. Image
7. Payback Principle

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GOI EFFORTS TO ENSURE ETHICAL BEHAVIOUR

- **ACB and CBI**
- **Vigilance Commission**
- **Right to Information Act**
- **Public Interest Litigation**
- **Transparency**
- **Ombudsman**

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INSTITUTIONALIZING BUSINESS ETHICS

- **Code of Ethics**
- **Compliance officer**
- **Ethics committee**
- **Teaching in MDP's**
- **ombudsman**

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THANKYOU

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