



MODULE 2 SESSION 4

Theories of Business Ethics

GALGOTIAS
UNIVERSITY

TOPICS TO BE COVERED

- ✓ Ethics and religion
- Teachings of Islam
- Teachings of Hinduism
- Teachings of Christianity



The logo of Galgotias University is a stylized, circular emblem. It features a central blue swoosh that curves upwards and to the right, surrounded by a larger, multi-colored swoosh in shades of yellow, orange, and red. The entire logo is set against a light pinkish-red circular background.

GALGOTIAS
UNIVERSITY

Ethics and Religion

The world's great religions—Christianity, Hinduism and Islam—have all left their indelible marks on morality and the conduct of people in every aspect of human endeavor, including business. Every religion has provided its followers its own set of catechisms, moral instructions, beliefs, values and virtues, traditions and commitments.

GALGOTIAS
UNIVERSITY

Teachings of the Church

The Church always supports and promotes the welfare of the poor. People often think how we can relate business and ethical teachings of the Church. But now the trend has changed and organizations and institutions relate business to religion and ethics. This transition is due to the increased importance of ethics in business. The Church's concerns and ethical teachings are found in several papal encyclicals, i.e., letters the pope writes to his followers.

Rerum Novarum

Since the late 19th century, there has developed a strong tradition of reflective thought on economic issues within the Catholic Church. This concern on economic issues effectively started in May 1891, with the publication of *Rerum Novarum*, an encyclical by Pope Leo XIII. The central theme of the letter was the relationship among the State, employers and workers.

Features of encyclical

- Directs the State and organizations to perform their duties to the working class to avoid corruption or unethical behaviour in the society.
- When man is deprived of dignity and equality they will indulge in unethical practices. Mutual support in the society and organization will help individuals to perform their best for productivity and profit

Indian Ethical Traditions

- The Hindu scriptures such as the Gita and the Upanishads speak of the performance of right duty, at the right time in the right manner. The rich Indian tradition has always emphasized the dignity of human life and the right to live in a respectful manner.
- The *Bhagawad Gita* cites numerous instances of how moral values and ethics can be incorporated into one's work life. Many of its verses are directly significant for the modern manager who may be confused about his direction and struggling to find an answer to ethical dilemmas. The Lord reiterates that work or *karma* is the driving force of life, and that this work has to be ethical.
- **Chapter II, Verse 47**“You have a right to perform your prescribed duty, but you are not entitled to the fruits of action. Never consider yourself the cause of the results of your activities and never be attached to not doing your duty.”

This stanza implies that the performer of an action has only to perform the prescribed duty and not think about the result of the action, because the result is beyond his control. This teaching of Gita draws one's attention to *Nishkama Karma*.

UNIVERSITY

Message of the Gita: Chapter II, Verse 56

“One who is not disturbed in mind amidst the three-fold misery or elated when there is happiness and who is free from attachment, fears and anger, is called a sage of steady mind.”

A steady mind gives the right attitude and right direction. Detachment is that quality which enables the individual not to accept anything for his personal gratification. Personal desires and conflicting interests end up in unethical practices.

Gita's Message in an Organization

When applied to an organization where one is only worried of the result, he is likely to fall into improper activities. On the other hand, if he is ready to do his duty to the utmost of his ability and set aside the result, he will be an ethical person in the organization.

Business and Islam

All principles covering business emanate from the Holy Quran, as they are explained and amplified in the *Hadith* (collection of the Prophet's sayings).

The Prophet Mohammed ordained that businesses should promote ethical and moral behaviour and should follow honesty, truthfulness and fulfilment of trusts and commitments, while eliminating fraud, cheating, cut-throat competition, lending money at interest to people in need and false advertising.

Shariah and Interest on Capital

Shariah, the canonical law of the followers of Islam, forbids payment and receipt of interest on capital and money lent and condemns usurious practices.

Shariah requires that investors profit only from transactions based on the exchange of assets, not money alone, and therefore, interest is banned.

GALGOTIAS
UNIVERSITY

Major principles of Islam and Ethics

- No fraud and deceit
- No excessive oaths in sale
- Need for mutual consent
- Be strict in regard to weights and measures
- Monopoly is a sin
- Free enterprise- price should not be fixed unless there is a crisis
- Hoarding is forbidden
- Forbidden transactions like intoxicants
- **Islamic Bonds or Sukuk**

Bankers sell Islamic bonds or *sukuk*, by using property and other assets to generate income equivalent to interest they would pay on conventional debt.

The money cannot be invested on stocks of companies dealing in alcohol, conventional financial services (banking and insurance), entertainment (cinemas and hotels), tobacco, pork meat, defence and weapons while computer software, drugs and pharmaceuticals, and automobile ancillaries are all Shariah-compliant.

REFERENCES

- A.C. Fernando, 'Business Ethics and Corporate Governance' , 2nd edition, Pearson Education, 2012
- CSV Murthy, 'Business Ethics and Corporate Governance', 2nd edition, Himalaya Publication,2010
- William H Shaw, 'Business Ethics', 6th edition, Cengage Learning,2014
- S K Bhatia,' Business Ethics and Corporate Governance', 1st edition, Deep and Deep publications,2010

GAIPGOTIAS
UNIVERSITY



**THANK
YOU**

GALGOTIAS
UNIVERSITY