

Dilemma Between Ethics and Ethical Business Practices in Recent Scenario

Sahab Singh

Abstract: Customers are the receiving point of any organization to decide the existence and survival of any business. In such a competitive market where survival of fittest rule applies, ethical business actually creates a difference. Because, all customers look on quality, time value of money and price value of product every time, whenever the goods and services are supposed to be purchased. Organizations that implement their business strong ethically and behave with all possible partners in a decent way will only experience the benefits of improved business, increased customer loyalty, better employee retention, and strong positive reputation in market with large profit in different flavors of juice among society. As a consequence, these organizations will have a greater chance at achieving prolonged existence and profitability. This paper depicts on how the business can create value for the customers and society by exercising ethical business practices, and shifts the focus of business leaders to attain desired goals of high level customer satisfaction in place of maximizing their wealth. "Business Ethics is primarily concerned with the relationship of business goals and techniques to specific human needs". - Thomas M. Garrett

Keywords: Customer, Ethics, Business, Satisfaction

I. INTRODUCTION

A. Literature Review

"A client is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity to do so."

-Mahatma Gandhi

The companies that are able to provide desired satisfaction to the consumers available in market keep on enjoying a higher market share in the business and vice versa. If the product successfully performs on the given price, they feel satisfied, and if not, they feel that they are cheated. This ethical way of doing business creates an impression about the company and its brand, and may help acquire new consumers along with existing strength because the image remains in the mind of consumer in entire life. For any business in the globe, the cost of acquiring a new consumer is much higher than keeping an existing one. One of the toughest jobs a leader has to perform is to act as guardian of an organization's values. An organization's values are the things that are really important to it. In the early days of an enterprise, the values are sometimes the only thing that keeps the business going. When other factors make the chances of survival doubtful, such as funds, markets, and technology, it is the set of beliefs held by the original founders which pull the business through.

Revised Version Manuscript Received on May 13, 2016.

Dr. Sahab Singh, Associate Professor-Management & Finance, Dronacharya College of Engineering, Gurgaon, Haryana (India),

The beliefs of the organization are almost always the beliefs of the original leaders. Values are not just important for the organization or any company. As Christen Brown says "People die on the battlefield because their values include love of their country and patriotism." **Values provide the basis for judgments about what is important for the organization to succeed in its core business.** So, there are some disconnects, and these disconnects create problems. However, the central purpose of values remains. Indian values and universal values provide us a direction and path through which we can succeed in our personal and professional lives. Values are like beacons that shows direction to everybody who look at them and search them in hope to get answers of their problems. We all should accept naturally all these values and related learning so that we can live our life. The first value defined in Vedas is - "Sat yam Vad"-Always Speak Truth. **"Not life, but good life, is to be chiefly valued."**

A value proposition puts forward the organization's strengths. It identifies the needs that the organization can satisfy and how the organization differs from its competitors.

There should be a little more about ethics before going in to the depth of Ethical business, it's basically derived from the Greek word 'ethos', which means character in general, and is a branch of social sciences, which deals with the principles of right and wrong, good and bad, fair and unfair, justice and injustice, legal and illegal, moral and immoral, proper and improper and that are accepted by an individual or a social group in routine life within society as a whole. Now come to business ethics, while taking decisions, human being takes its personal habit, belief, values, family background, ethnicity, ritual, education, religion etc. into consideration.

These factors provide the framework from which affects the decisions and validate the actions. There may often some remarks that can lead to ethical dilemmas and there may be some different ways to do things rightly for one person and not for others as per their ethical sensibilities at all times. Customers, consumers, investors, employees, and other stakeholders have a tendency to distrust organizations that do not stick on to high ethical business standards.

II. FAILURE ZONE

When a company's ethical compass is pointing direction desired, everything else falls into line. This doesn't mean that companies with great ethics will not suffer. But it does seem to indicate that companies without good ethics are far more likely to suffer due to their inability to sustain or listen to employee's voice to guide them through the dark times to the light. Therefore, the main focus of business should be on quality customer service, honesty and transparency. This comes only from organizational cultures. Therefore, the

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urgent need of the moment is to improve the organizational behavior and culture first and then start thinking about business progress.

A. How the business can be implemented strong ethically?

Here some important steps required to follow are-

5 Steps Code of Ethics

A 5 step code of ethics refers the specific actions that business leaders including employees must take in order to comply with the values and philosophy of an organization, it also details the expectations the company has for its employees' behavior. *"Code of Ethics- refers to the codified and published ethical principles of an organization that are intended to dictate how the entity and its representatives will conduct business."*¹

- a) **Step first**, an initiative by business leader's to implement business ethically is to observe and note that what type of behavior is conducted so far due to an organization is suffering?
- b) **Secondly**, make all stakeholders inform that they need to become habitual present themselves in a polite manner instead of showing attitude.
- c) **Thirdly**, make a list of activities which are considered unacceptable or prohibited in the workplace environment and bring it into the knowledge of each and everyone abide the same strictly at the same time.
- d) **Fourth**, an organization's code of conduct should also address the consequences of non-compliance with its stated policies.
- e) **Fifth**, organizations need to provide training for their employees in order to ensure that company policies and ethical guidelines are clear and well understood.

Ethics training programs in the workplace are increasingly being implemented due to the long-term value that they ultimately provide. However, in order for these training programs to be successful an organization must stand by its code of conduct, make its ethical guidelines clear to all employees, and enforce its stated policies equally without regard to position or status within the company.

B. Ethical Corporate exercise by the business Leaders

*"This broader concept of ethical leadership empowers leaders to incorporate and be explicit about their own values and ethics. It is important for leaders to tell a compelling and morally rich story, but ethical leaders must also embody and live the story. Ethical leaders focus on organizational success rather than on personal ego."*²

Business leaders should exercise to know the potential benefits to a company that makes it onto such a publicized list?

Will they get some tangible business profit in future for ethical behavior practices?

If they will get so, then how much it can be multiplied with the current one?

They should analyze the time profit ratio on a regular time period gaps.

Also they must keep proper record of advantages that are gained in business as this develop and maintain positive ethical reputations.

C. Ethical Business Practices in Action

*"The ethical practices of an organization both good and bad can produce a wide range of results. While companies that follow good ethical practices don't always achieve their pre stated or desired goals, it is also true that organizations that do not follow sound ethical practices are more likely to fail in the long run at the same time."*³

Most judgments of the organizations that fail to behave ethically may affect their long-term business outlook in a very short span of time, but the same judgments taken by the organizational that follow the ethics may take some more time to gain business.

*"The 2005 National Business Ethics Survey identified three key ethics-related actions that support the effective deployment of a code of ethics (Ethics Resource Center, 2005)"*⁴

- a) Setting a good example
- b) Keeping promises and commitments, and
- c) Supporting others in adhering to ethics standards

According to Michael Beer, a Harvard Business School professor and author of the business ethics book *High Commitment, High Performance*, many of the Wall Street companies that collapsed during the economic crisis of 2008 did so in part due to their lack of focus on customer service, lack of clear business strategies, and their propensity to over prioritize profits at the expense of commonly accepted ethical practices. According to Beer, companies such as Bank of America and Citigroup have also suffered in their business due to their poor risk-management strategies, overly high corporate salaries, and parochial objectives which are focused only on increasing profits (a poor strategy in a time of high unemployment and low consumer confidence). These behaviors indicate poor ethical judgment and show disconnect between the companies and the customers that they serve.

D. How the Good Corporate Ethical Behavior can lead to Benefits?

Companies that follow good ethical practices can achieve a several wide range of corporate benefits, like-

a) **Increased Customer Loyalty**-Customers who believe that a business has a good reputation are more likely to continue prefer to purchase their products and utilize the services. Since it is often more costly to sell to new customers than it is to sell to existing customers, a company that enjoys a good reputation will also benefit from the repeat business of its loyal customers.

*"Client-focused is the degree to which attention is given by the organization to meet client needs and satisfaction."*⁵

b) **Increased Employee Loyalty**-Literature and best practices indicate that if employers treat their employees as valued contributors, the employees will stay. To this end, companies train their managers, offer competitive compensation plans, and increase benefits to secure employees' loyalty.

c) **Employee Retention**- *"Because employees want their personal and practical needs to be met, employers need*

to offer the compensation, benefits, and scheduling that employees desire. The best employees would rather assume more responsibility than work with those who care little about the company, customers, and others.”⁶

The process of recruiting employees is very costly and time-consuming. When organizations continually have to replace their employees, the expense and disruption to work processes can have a damaging effect on the organization's overall productivity and profitability. The goal, therefore, of an organization should be to retain its best employees on a long-term basis. When a company is open, honest, and fair with its employees, talented workers will be more inclined to stay onboard with the organization.

Progress toward meeting retention goals should be measured regularly.

d) Grievance reduction-The grievance mechanism should offer a variety of approaches not just a single grievance procedure. The complainant should have influence over which approach to select.

Organizations can reduce the grievances in a great extent by maintaining high ethical standards in their business. There may be legal issues, financial penalties, decrease in product sale and services, destroy in goodwill and several other brand related losses to the organization if the ethical practices are neglected. In contrast, organizations that work to deal with such matters meticulously are less likely to face legal issues and problems.

“Trust is not a substitute for a grievance mechanism, and a grievance mechanism is not a substitute for trust.”⁷

e) Brand promotion-Demonstration of high ethical business standards can help an organization in brand promotion and affirmative public image construction to enjoy increased loyalties, maximum productivities, increased opportunities for future growth and everlasting profit in all respect.

“It takes year to gain faith and develop good relation but take a second to ruin the same.”⁸

E. Why the Ethics are needed in Business?

There may be several things indicate the need of Ethics in Business-

Obviously, it makes organizations compel to follow the ethics to keep their business at least at par, and indicates to follow ethics strongly if they want to keep alive in the toughest competitive market in their domain.

The application of business ethics will help to protect Consumer Rights, perform CSR, socialism, building good relations etc.

- i.** In fact, consumers are the centre of all the business activities but are the most neglected and exploited. Business basically aims to earn money by providing goods and services to satisfy the consumer wants, and unfortunately, it is not anywhere.
- ii.** Business means to make business socially responsible for its actions, and not the exploitation of employees, false statements to consumers, gender discrimination at workplace, miss utilization of natural resources, etc., because this

unethical practice has become common in all type of business and even single sector is not left untouched.

- iii.** Socialism in business states that profit of a business is a result of group efforts of skilled employees, consumers, committed suppliers, investor etc, and must be shared by all contributors in an appropriate ratio, but not just alone by the investor.
- iv.** *“Preference of every business should be creating ethical culture and providing satisfaction to its customers in place of earning profit and maximizing wealth all the time.”⁹*

III. OUTCOME & SUGGESTIONS

- i.** Ethics is all about doing the things rightly, not artificiality to present wrong things rightly.
- ii.** Primary focus of organization should be to create a code of ethics to explain acceptable and unacceptable behavior from organizational elements.
- iii.** Organizations must come forward to enforce their codes of ethics strictly.
- iv.** Organizations should reward the employees who handle the grievances tactfully and reduce the possibility of complaints from customers in an ethical manner.
- v.** Business leaders should think every now and then about their value proposition and how effectively it can be communicated to the target market.
- vi.** Consumers should always be regarded as donor, and not the receiver.
- vii.** Obedience to ethical standards can ensure the protection of consumer rights, public accountability, safety of employees' interests, and justice with natural resources at large.
- viii.** Stakeholders, employees, consumers and suppliers have equal contribution in the business. Therefore, profit, success and failure as well sometimes should be shared by all concerned.
- ix.** If the customers are satisfied enough, business will earn profit in reciprocal.

IV. CONCLUSION

There must be an intermittent discussion of organizational leaders directly with people who bring business instead of asking customers to drop their suggestion into box, getting reports from employees and feedback collection from others modes. This exercise may help an organization to fill the gap between organizational services and customer demands to make clients satisfy more but the efforts required need to put without any delay. Finally, organizations that implement their business strong ethically and behave in a decent way with all possible partners will only experience the benefits of improved business, increased customer loyalty, better employee retention, and strong positive reputation in market with large profit in different flavors of juice among society.

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