

Semester 4

BUSINESS ETHICS

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LECTURE 1

1. Concept of Ethics

According to Webster's Dictionary, *ethics is a theory or system or principles that govern an individual or a group by defining rightfulness of their actions.* Actions done by individual or a group *deliberately that have an impact over other*, comes under the purview of ethical ruling. Ethics also defines moral duty and obligation for a *social practice, institution, organization and socio-economic system.* A person's judgment on a particular subject is dependent upon their *ethical belief* which set a guideline to decide correctness of that subject. This ethical belief *descends from a value sense* that is inherited by the person from his *ancestors and imbibed in his mind from education, experience and other associations.* Values such as *honesty, respect, responsibility* taught by our social leaders help us to differentiate right and wrong path in every phases of life. Human mind is complex in nature. So determining of a human action *with our changing moral belief* is difficult task. For that reason a set of ethical principles must be established to help individuals in their *ethical reasoning in some difficult situation and justifying their moral beliefs* against standard ethical rules. Keeping in mind these ethical rules, individuals or groups should perform their job with sufficient integrity, objectivity and independence and protect the interest of social people.

Ethical standards also provide a guideline to help individuals develop their moral judgment for analyzing and *evaluating correctness* of any particular action. Any action would be treated ethical if it causes *personal gain* to the person doing it. But personal gain doesn't always give enough justification to ethical performance. Thus, fulfillment of own personal needs if it *doesn't come in the way of personal interest and rights* of other social members and in this way ensures *fairness and justice* to all, we call it ethical performance. Ethics also invokes *fulfillment of every commitment made unless it results in adversity to the individual or society.* Thus if *any action is beneficial to the person doing it, to the society, it is fair and it fulfills commitment then that act is an ethical one and is strongly recommended for performance and vice versa.* But, there can be situations when all the reasons are not supporting any particular action and the individual is confused what reason (harm to the society or fairness and rights) should get prominence. In order to resolve such dilemma several ethical theories have emerged over time.

2. Scope of Ethics

According to Jean-Jacques Rousseau, a person belongs in a community or group which comprised of his family, friend or work environment. So every action an individual commits doesn't only have its impact over the individual himself but the community surrounding him. Every individual is entitled to receive something or authorized to perform certain job. This

entitlement or authorization is called right to have to right to do certain things. Again this rights, individuals also have certain obligations to other members of the community where they belong. This framework of rights and obligation provides a complementary predisposition of ethical relationship among social members. Although we are living in an environmental set up with animals and other members of the nature, rights and obligation for them is not dealt in Rousseau's work. Different organizations all over the world have defined human rights over certain issues. But how these rights are construed by an individual will depend upon nature of his state which is again mostly guided by his value system. Different philosophers in their research work have concluded that human being is ordinarily influenced by his own personal need and always aims at maximization of personal well being. But this would create a chaos in the society. So individuals depend on state to fulfill their rights and define their obligations. For that reason, they elect among themselves a legitimate body commonly known as government. Government based on the individual value system decides right and wrong. They are entrusted with the responsibility of fulfilling everyone's right and fixing their obligation to others so that no confusion is created. In many ethical theories, it has been found that religious belief often plays an important role in ethical decision making. In Islam or Christianity, some actions (e.g. taking interest for money lent) are completely prohibited just because it is not allowed in their religious belief. Ethical decision making based on theology may not always be acceptable. From the above it can be concluded that, moral philosophy is an individual value sense which guide own personal decisions of that individual only. But in a social set up, this may not always provide some good result. So a political environment is set up by the individuals themselves to define their rights and responsibilities to the community they belong.