

SEMESTER – B.Com, SEMESTER 4

SUBJECT – Business Ethics

NAME OF THE TEACHER – DEEPASHREE CHATTERJEE

LECTURE NO. - 5

Note: If anyone is interested to get a scanned copy of the chapters I am covering, please contact me in whatsapp at 9163019220 and I will send you the same.

Chapter 3: Ethics in Management

cont..

Values and Ethics

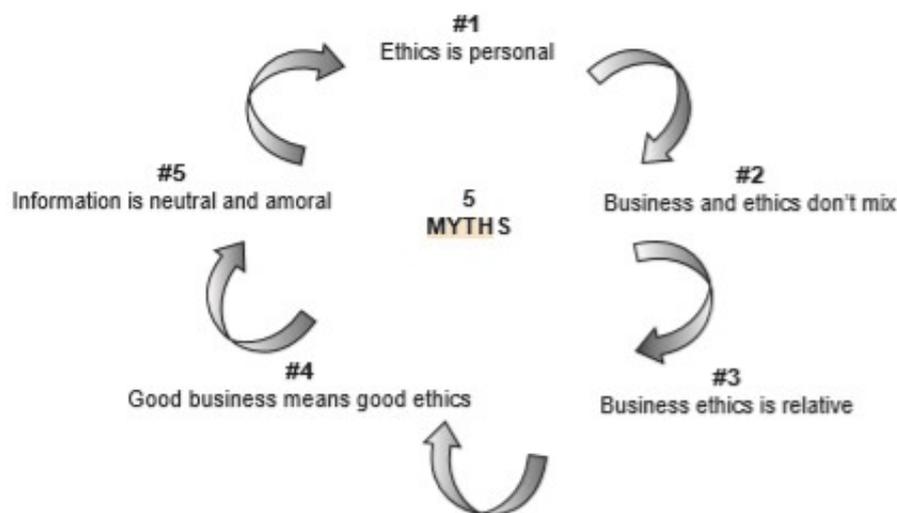
Values are beliefs that a person holds about things and aspects of life. These are guiding principles that mould a person's behaviour all his life. Mostly the values a person holds are developed by the company he keeps and the first values he learns are from his parents. Later on he is taught more about values in school. Societies have different value systems and people living in these societies are guided by these values. Values are guiding principles and when a person is in a dilemma as to what direction he should take at any particular moment in his life, it is these values that guide his action and behaviour.

Ethics are codes of conduct that decide what is wrong and what is right in a particular circumstance. When these ethics were not in place, no human behaviour could be categorized as good or bad which is what led to the development of these standards to guide human behavior in a society.

Myths of Business Ethics

A myth is "a belief given uncritical acceptance by the members of a group, especially in support of existing or traditional practices and institutions." Myths regarding the relationship between business and ethics do not represent truth but popular and unexamined notions. Some of these myths are:

Five Business Ethics Myths



Myth 1: Ethics Is a Personal, Individual Affair, Not a Public or Debatable Matter - This myth holds that individual ethics is based on personal or religious beliefs, and that one decides what is right and wrong in the privacy of one's conscience. Although it is true that individuals must make moral choices in life, including business affairs, it is also true that individuals do not operate in a vacuum. Individual ethical choices are most often influenced by discussions, conversations, and debates, and made in group contexts. Individuals often rely on organizations and groups for meaning, direction, and purpose. Moreover, individuals are integral parts of organizational cultures, which have standards to govern what is acceptable. Therefore, to argue that ethics related to business issues is mainly a matter of personal or individual choice is to underestimate the role organizations play in shaping and influencing members' attitudes and behaviours.

Myth 2: Business and Ethics Do Not Mix

This myth holds that business practices are basically amoral (not necessarily immoral) because businesses operate in a free market. This myth also asserts that management is based on scientific, rather than religious or ethical, principles.

Although this myth may have thrived in an earlier industrializing U.S. society and even during the 1960s, it has eroded over the past two decades. Business is a human activity, not simply a scientific one, and, as such, can be evaluated from a moral perspective. If everyone in business acted amorally or immorally, as a pseudoscientific notion of business would suggest, businesses would collapse. Employees would openly steal from employers; employers would recklessly fire employees at will; contractors would arrogantly violate obligations; and chaos would prevail. In India, business and society often share the same values: rugged individualism in a free- enterprise system, pragmatism over abstraction, freedom, and independence.

Finally, the belief that businesses operate in totally "free markets" is debatable. The Indian market environment can be characterized best as a "mixed economy" based on free- market

mechanisms, but not limited to or explained only by them. Mixed economies rely on some governmental policies and laws for control of deficiencies and inequalities.

Myth 3: Ethics in Business Is Relative

In this myth, no right or wrong way of believing or acting exists. Right and wrong are in the eyes of the beholder. The claim that ethics is not based solely on absolutes has some truth to it. However, to argue that all ethics is relative contradicts everyday experience. For example, the view that because a person or society believes something to be right makes it right is problematic when examined. For example, many societies believed in and practiced slavery; however, in contemporary individuals' experiences, slavery is morally wrong. When individuals and firms do business in societies that promote slavery, does that mean that the individuals and firms must also condone and practice slavery?

Myth 4: Good Business Means Good Ethics

The faulty reasoning underlying this logic obscures the fact that ethics does not always provide solutions to technical business problems. The point is that ethics is not something added to business operations; ethics is a necessary part of operations. A more accurate, logical statement from business experience would suggest that “good ethics means good business.” This is more in line with observations from successful companies that are ethical first and also profitable. The ethical thing to do may not always be in the best interests of the firm. We should promote business ethics, not because good ethics is good business, but because we are morally required to adopt the moral point of view in all our dealings with other people—and business is no exception.

Myth 5: Information and Computing Are Amoral

This myth holds that information and computing are neither moral nor immoral—they are amoral. Information and computing have positive dimensions, such as empowerment and enlightenment through the ubiquitous exposure to information, increased efficiency, and quick access to online global communities. It is also true that information and computing have a dark side: information about individuals can be used as “a form of control, power, and manipulation. The point here is to beware the dark side: the misuse of information, social media, and computing. Truth, accuracy, and privacy must be protected and guarded.