

Business Ethics

What is a 'Business'?

A business is an organization or enterprising entity engaged in commercial, industrial or professional activities. A company transacts business activities through the production of a good, offering of a service or retailing of already manufactured products. A business can be a for-profit entity or a nonprofit organization that operates to fulfill a charitable mission.

The term business has different meaning depending on the context.::

1. The commercial activities of an individual or a group engaging in some type of financial transaction. Eg.: bargain between two individuals. You are buying something in exchange of money.
2. An organization that is formed to operate some type of service or commercial activity.
 - a. For Profit organization. Eg: The organisation's sole purpose can be to earn profit and can range from a sole proprietorship to a multinationals publically traded cooperation.
 - b. Not-For-Profit business. Eg. Farming.
3. The type of commerce in which someone engages. For eg:
 - a. Nike is in sports apparel and equipment business.
 - b. General Motors is in automobile business.

What is Business Ethics?

Business ethics is the study of proper business policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities. Law often guides business ethics, while other times business ethics provide a basic framework that businesses may choose to follow to gain public acceptance.

Business Ethics:

The system of laws and guidelines by which business professionals and corporations operate in a fair, legal, and moral fashion.

Business Ethics is a broad topic covering following:

1. Globalization
2. Executive Pay
3. Earnings Management
4. Political Contributions
5. Marketing practices
6. Bribery
7. Tax avoidance
8. Corporate governance
9. Fiduciary responsibilities

10. Corporate Social responsibility
11. Intellectual property
12. Insider trading
13. Unionization
14. Corruption
15. Discrimination
16. Health and Safety
17. Sales practices
18. Privacy
19. Human resource Management

The organization where ethics are followed, trust develops between employees and management as well as between the public and cooperation.

Thus, Business ethics lead to a more productive workplace.

Importance of Business Ethics

Ethics concern an individual's moral judgements about right and wrong. Decisions taken within an organisation may be made by individuals or groups, but whoever makes them will be influenced by the culture of the company. The decision to behave ethically is a moral one; employees must decide what they think is the right course of action. This may involve rejecting the route that would lead to the biggest short-term profit.

Businesses around the world are designing and implementing business ethics programs to address the legal, ethical, social responsibility, and environmental issues they face. By addressing these issues in a systematic way, enterprises can improve their own business performance, expand opportunities for growth, and contribute to the development of social capital in their markets. They can realize specific business benefits, such as:

1. Enhanced reputations and good will
2. Reduced risks and costs
3. Protection from their own employees and agents
4. Stronger competitive positions
5. Expanded access to capital, credit, and foreign investment
6. Increased profits
7. Sustained long-term growth
8. International respect for enterprises and emerging markets Enterprises that excel in these areas create a climate of excellence for their employees, shareholders, and communities, and contribute to the economic wellbeing of their countries.

Ethical behaviour and corporate social responsibility can bring significant benefits to a business. For example, they may:

- attract customers to the firm's products, thereby boosting sales and profits

- make employees want to stay with the business, reduce labour turnover and therefore increase productivity
- attract more employees wanting to work for the business, reduce recruitment costs and enable the company to get the most talented employees
- attract investors and keep the company's share price high, thereby protecting the business from takeover.

Unethical behaviour or a lack of corporate social responsibility may damage a firm's reputation and make it less appealing to stakeholders. Profits could fall as a result.

Several factors play a role in the success of a company that are beyond the scope of financial statements alone. Organizational culture, management philosophy and ethics in business each have an impact on how well a business performs in the long term. No matter the size, industry or level of profitability of an organization, business ethics are one of the most important aspects of long-term success.

Ethics in Leadership

The management team sets the tone for how the entire company runs on a day-to-day basis. When the prevailing management philosophy is based on ethical practices and behavior, leaders within an organization can direct employees by example and guide them in making decisions that are not only beneficial to them as individuals, but also to the organization as a whole. Building on a foundation of ethical behavior helps create long lasting positive effects for a company, including the ability to attract and retain highly talented individuals and building and maintaining a positive reputation within the community. Running a business in an ethical manner from the top down builds a stronger bond between individuals on the management team, further creating stability within the company.

Employee Ethics

When management is leading an organization in an ethical manner, employees follow in those footsteps. Employees make better decisions in less time with business ethics as a guiding principle; this increases productivity and overall employee morale. When employees complete work in a way that is based on honesty and integrity, the whole organization benefits. Employees who work for a corporation that demands a high standard of business ethics in all facets of operations are more likely to perform their job duties at a higher level and are also more inclined to stay loyal to that organization.

Business Ethics Benefits

The importance of business ethics reaches far beyond employee loyalty and morale or the strength of a management team bond. As with all business initiatives, the ethical operation of a company is directly related to profitability in both the short and long term. The reputation of a business from the surrounding community, other businesses and individual investors is

paramount in determining whether a company is a worthwhile investment. If a company's reputation is less than perfect based on the perception that it does not operate ethically, investors are less inclined to buy stock or otherwise support its operations.

With consistent ethical behavior comes increasingly positive public image, and there are few other considerations as important to potential investors and current shareholders. To retain a positive image, businesses must be committed to operating on an ethical foundation as it relates to treatment of employees, respect to the surrounding environment and fair market practices in terms of price and consumer treatment.

Personal integrity at the workplace

Integrity comes in many forms, but honesty and dependability are two traits that are expected in most workplace situations. Without responsible behavior, distrust can make a work environment tense and uncomfortable. A strong work ethic shows co-workers and clients that you're reliable and take your responsibilities seriously. Polite communication, respectable behavior and fiscal responsibility also help you stand out as a trustworthy employee.

1. Work When You're on the Clock

Working diligently when you're on the clock is a clear example of workplace integrity. Socializing, surfing the Internet, making personal phone calls, texting and frequent snacking are activities that detract from work time. Saving those activities for break time will show your boss, co-workers and customers that you work hard when you're on the clock. The career website Calibrate Coaching recommends honoring your work hours by not stealing time from your employer. Even if you don't actually clock in and out with a time card, focusing on your work responsibilities while you're at your desk, work station or production area will showcase your strong work habits.

2. Follow Company Policies

Abiding by company policies is a powerful way to demonstrate integrity. Cutting corners and neglecting to follow workplace regulations can lead to mistakes, problems and even dangerous situations. Your willingness to properly record financial transactions, safely dispense of hazardous or toxic materials, follow company protocol for dealing with clients, perform clean-up or set-up procedures and properly maintain equipment shows others that you're not just looking for the easy way out. Establishing yourself as a trustworthy worker who submits to company policies shows your boss and co-workers that you'll faithfully carry out your duties.

3. Respect Co-workers and Build Trust

Respecting those you work with reveals your desire to create a healthy work environment. Polite communication, appropriate interactions and respect for co-workers' thoughts and ideas demonstrate your ability to look beyond your own interests to pursue team-centered work goals. As you deal with co-workers honestly and respectfully, you establish a level of trust with them. According to Amy Rees Anderson, a contributor to Forbes magazine, those who trust you will

spread the word of that trust to their associates, and word of your character will spread like wildfire.

4. Exhibit Responsible Behavior

Integrity in the workplace often stems from moral and ethical behavior. Making sure there's no reason to question your conduct is one of the best ways to prove that you are an honest and dependable employee. Avoid using company products or equipment for personal use and submit exact receipts for travel or meal reimbursements. Don't over-promise what you can't provide and strive to meet deadlines. Work productively and cooperate during company meetings so you don't appear lazy or apathetic, and don't call in sick if you aren't. By exhibiting responsible behavior, you don't give co-workers or clients the opportunity to question your integrity.

Computer Ethics

The concept of computer ethics originated in 1950 with the publication of Nobert Wiener's book entitled "The human use of human beings,."

Computer ethics involves a set of moral principles that regulate the use of computers.

The Ten Commandments are as follows:

- Do not use the computer in ways that may harm other people.

Explanation: This commandment says that it is unethical to use a computer to harm another user. It is not limited to physical injury. It includes harming or corrupting other users' data or files. The commandment states that it is wrong to use a computer to steal someone's personal information. Manipulating or destroying files of other users is ethically wrong. It is unethical to write programs, which on execution lead to stealing, copying or gaining unauthorized access to other users' data. Being involved in practices like hacking, spamming, phishing or cyber bullying does not conform to computer ethics.

- Do not use computer technology to cause interference in other users' work.

Explanation: Computer software can be used in ways that disturb other users or disrupt their work. Viruses, for example, are programs meant to harm useful computer programs or interfere with the normal functioning of a computer. Malicious software can disrupt the functioning of computers in more ways than one. It may overload computer memory through excessive consumption of computer resources, thus slowing its functioning. It may cause a computer to function wrongly or even stop working. Using malicious software to attack a computer is unethical.

- Do not spy on another person's computer data.

Explanation: We know it is wrong to read someone's personal letters. On the same lines, it is wrong to read someone else's email messages or files. Obtaining data from another person's private files is nothing less than breaking into someone's room. Snooping around in another person's files or reading someone else's personal messages is the invasion of his privacy. There are exceptions to this. For example, spying is necessary and cannot be called unethical when it is done against illegitimate use of computers. For example, intelligence agencies working on cybercrime cases need to spy on the internet activity of suspects.

- Do not use computer technology to steal information.

Explanation: Stealing sensitive information or leaking confidential information is as good as robbery. It is wrong to acquire personal information of employees from an employee database or patient history from a hospital database or other such information that is meant to be confidential. Similarly, breaking into a bank account to collect information about the account or account holder is wrong. Illegal electronic transfer of funds is a type of fraud. With the use of technology, stealing of information is much easier. Computers can be used to store stolen information.

- Do not contribute to the spread of misinformation using computer technology.

Explanation: Spread of information has become viral today, because of the Internet. This also means that false news or rumors can spread speedily through social networking sites or emails. Being involved in the circulation of incorrect information is unethical. Mails and pop-ups are commonly used to spread the wrong information or give false alerts with the only intent of selling products. Mails from untrusted sources advertising certain products or spreading some hard-to-believe information, are not uncommon. Direct or indirect involvement in the circulation of false information is ethically wrong. Giving wrong information can hurt other parties or organizations that are affected on that particular theme.

- Refrain from copying software or buying pirated copies. Pay for software unless it is free.

Explanation: Like any other artistic or literary work, software is copyrighted. A piece of code is the original work of the individual who created it. It is copyrighted in his/her name. In case of a developer writing software for the organization she works for, the organization holds the copyright for it. Copyright holds true unless its creators announce it is not. Obtaining illegal copies of copyrighted software is unethical. It is not easy to do such things and in the end it will just be copied illegally.

- Do not use someone else's computer resources unless authorized to.

Explanation: Multi-user systems have user specific passwords. Breaking into some other user's password, thus intruding her private space is unethical. It is not ethical to hack passwords for gaining unauthorized access to a password-protected computer system. Accessing data that you are not authorized to access or gaining access to another user's computer without her permission is not ethical. Privacy will always be applied to such resources and were not supposed to get exposed and hack in such ways that is not yours.

- It is wrong to claim ownership on a work which is the output of someone else's intellect.

Explanation: Programs developed by a software developer are her property. If he is working with an organization, they are the organization's property. Copying them and propagating them in one's own name is unethical. This applies to any creative work, program or design. Establishing ownership on a work which is not yours is ethically wrong. Originality of any software/programs are to be kept safe and trying to claim ownership will cause a viral dispute.

- Before developing a software, think about the social impact it can have.

Explanation: Looking at the social consequences that a program can have, describes a broader perspective of looking at technology. A computer software on release, reaches millions. Software like video games and animations or educational software can have a

social impact on their users. When working on animation films or designing video games, for example, it is the programmer's responsibility to understand his target audience/users and the effect it may have on them. For example, a computer game for kids should not have content that can influence them negatively. Similarly, writing malicious software is ethically wrong. A software developer/development firm should consider the influence their code can have on the society at large.

- In using computers for communication, be respectful and courteous with the fellow members.

Explanation: The communication etiquette we follow in the real world applies to communication over computers as well. While communicating over the Internet, one should treat others with respect. One should not intrude others' private space, use abusive language, make false statements or pass irresponsible remarks about others. One should be courteous while communicating over the web and should respect others' time and resources. Also, one should be considerate with a novice computer user.

Business Ethics and Media:

Care must also be taken when making statements to the media that information given is correct and not misleading. Information which, if made public would be likely to have material effect on the share price or about certain transactions such as mergers, acquisitions or disposals or transactions with related parties is subject to specific rules. Such matters should be referred to the relevant Regional General Counsel. Enquiries from the media should be referred to company media relations experts and statements should only be made by designated spokespersons.

Only authorised spokespersons are permitted to represent the company in media or investor relations.

Social media and Business Ethics

Social media is an umbrella term used to describe social interaction through a suite of technology based tools, many of which are internet based. This includes, but is not limited to, internet forums,

Networking sites such as Facebook, Twitter, LinkedIn and GooglePlus, webcasts, and blogs.

Social media exhibits unique characteristics when compared to traditional media forms. Its speed and scope means that once content is published it is available instantaneously, to a potentially global audience. Social media tools tend to be free or available at a very low cost relative to other forms of media and do not require users to have much technical knowledge. This allows larger numbers of individuals to access and publish material than with traditional media forms. Social media is usually interactive in a way that traditional media is not, so users can comment on and edit published material, making it difficult to control content. Social media blurs private/public boundaries when individuals

personal information and opinions enter the public domain. The boundaries between personal and work life also become blurred as companies make use of social media (originally designed for personal use) for business purposes, and likewise employees access personalities while at work. A 2011 DLA Piper survey found social media is used for personal and work related activities by 95% of employees.

These unique characteristics of social media pose ethical challenges for business, through employees use of social media on behalf of the company, as well as their personal use.

Corporate Social Responsibility

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

CSR is a concept with many definitions and practices. The way it is understood and implemented differs greatly for each company and country. Moreover, CSR is a very broad concept that addresses many and various topics such as human rights, corporate governance, health and safety, environmental effects, working conditions and contribution to economic development. Whatever the definition is, the purpose of CSR is to drive change towards sustainability.

Examples of Corporate Social Responsibility in India

Tata Group

Tata Group in India has a range of CSR projects, most of which are community improvement programs. For example, it is a leading provider of maternal and child health services, family planning, and has provided 98 percent immunization in Jamshedpur. The company also endorses sports as a way of life. It has established a football academy, archery academy, and promotes sports among employees. It offers healthcare services all over the country with programs like rural health development.

Tata Group also has an organized relief program in case of natural disasters, including long-term treatment and rebuilding efforts. It did laudable work during the Gujarat earthquakes and Orissa floods. It also supports education, with over 500 schools, and also is a benefactor of the arts and culture. It has done abundant work in improving the environment and local populations around its industries.

Aptech

Aptech a leading education player with a global presence that has played a broad and continued role in encouraging and nurturing education throughout the country since its inception. As a global player with complete solutions-providing capabilities, Aptech has a long history of participating in community activities. It has, in association with leading NGOs, provided computers at schools, education to the deprived, and training and awareness-camps.

Infosys

Infosys is aggressively involved in a variety of community growth programs. In 1996, the company created the Infosys Foundation as a not-for-profit trust to which it contributes up to 1

percent of profits after tax every year. Moreover, the Education and Research Department at Infosys also works with employee volunteers on community development projects.

The management team at Infosys continues to set examples in the area of corporate citizenship and has involved itself vigorously in key national bodies. They have taken initiatives to work in the areas of research and education, community service, rural outreach programs, employment, healthcare for the poor, education, arts and culture, and welfare activities undertaken by the Infosys Foundation.

Mahindra & Mahindra

At Mahindra & Mahindra, The K. C. Mahindra Education Trust was established in 1953 with the purpose of promoting education. Its vision is to renovate the lives of people in India through education and financial assistance across age groups and across income strata. The K. C. Mahindra Education Trust undertakes a number of education plans, which make a difference to the lives of worthy students. The Trust has provided more than Rs. 7.5 crore in the form of grants, scholarships and loans. It promotes education mostly by the way of scholarships. The Nanhi Kali (children) project has over 3,300 children under it and the company aims to increase the number to 10,000 in the next two years by reaching out to the underprivileged children, especially in rural areas.