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CORPORATE ETHICS AND BUSINESS

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Ethics is for those who can behave by themselves.

Corporations are a form of business organization attributed a personality by law to make it more useful as an economic tool. It cannot be either moral or immoral by itself. When we talk of ethics in business, we mean about the way it is to be used by managers behind the corporate veil. The ethical principles are supposed to apply to them. In many instances we find that the terms ethics and morals are used as synonyms. To distinguish them it may be considered as morals applying to individual behaviour and ethics as a system of moral principles. An ethical principle is the one which, if adapted by all university, makes us all happy and helps the society. We do not support celibacy, because if adapted by all, there will be no human race, leave alone happiness. That is why we don't support even homosexuals. Mendicants are respected as long as no harm to others. They live on the arms given by others. But if everyone is mendicant who will give arms? Mendicants discard all self-sustaining activity and depend on others for sentence. So it is unethical. A tool can be used, misused and abused to prevent it law took care to define how the company is to be used and how it is not to be used. Every company's Act provides for creation, organization and management of the company. It is the human beings that have to run it. Man is the wisest of all the animals and refuses to be bound by any law. Even when it is promulgated for his own benefit. He would like to use the tools in any way he likes. Whenever he needs it. He does not hesitate to violate the law if it is found to be more beneficial. It is more obvious

in the present-day world where greed is sanctioned in the name of economic progress. Law tries to make violation more painful and unpredictable.

In normal situations we have to take for granted that companies are being managed according to laws. But human intentions and activities are not confined only to law. There is more than law, something beyond Law in human life. That is the arena of ethics. Corporations are formed for economic purpose. Everybody wants to earn more of material wealth. Corporations are one of the tools for it. There is competition among those who run the Corporations to make each more successful than the others.

But all operate in the same market and subject to the same law. The competition pushes the management to cross the legal limits into an area where no regulations could limit its activities. But there is an unwritten law called ethics applicable to each society.

Ethics is not a concrete system it varies from time to time and between different communities. It is Henry Sedgwick that stated “looking at the vast variety of human natures and circumstances that existed in different ages and countries. We naturally doubt that there is any definite code of absolute rules applicable to all human beings without exception”. At the same time, he agreed that "there are certain absolute practical principles the truth of which is manifest only when they are explicitly stated".

But their nature ethical values are abstract perhaps it is because of that they are universally applicable. They are the values that are expected to guide human behaviour in all aspects and particularly in these economic activities.

Business is an economic activity and it involves the economic interests of others. While running a business, you have to deal with so many individuals and their businesses. It has to be realized that the interest of all others is also the same as your own to derive some economic benefit.

The golden rule in ethics is that you should not do to others what you do not like done to you. Every individual is ethically entitled to manage his affairs and do his business in the way that is beneficial to him.

Business ethics refer to ethics confined to business. Ethics in business refers to this found in running the business are two different field. Businesses a practical activity where ethics is utopian and refers to certain principles of behaviour. It is more relevant to refer to it as ethics and business.

Business enterprises are started to earn profit. The microfinance business was started by Mohd. Yunus in Bangladesh to help a particular class in the society. The poor who could not get financial support from ordinary banking channels. It started as an organization to server the better. It earned him noble prize. But when the same business was started in India with profit motive, it turned out to be exploiter.

A business organization will be successful only if its assets are managed and applied efficiently. Any other activity that diverts the attention of management to other goals is not encouraged. Anything done in furtherance of the goal of earning profit as early as possible and in any way possible was considered efficiency.

It took time to realize that it may be beneficial in the short term but in the long run the company fails in its targets. Companies are established as perpetual organizations and long term interests are the norm. so is the case with governing the state. Unfortunately in the case of both the organizations, short term interests overtook the managements and lead to disastrous results. The pity is that governments also started to consider their duty as similar to that of business organizations.

Sir like Thomson improved the Rentokil initial into the largest pest control business in Britain over 17 years he achieved a growth of 20% every year earned the nick name "Mr 20%." After 17 years there was a slack in profits. He suggested to dispose off some of the peripheral businesses that were acquired earlier. He was accused of short-term considerations. How long is long term? He was knighted in 1996 for his business acumen. He became president of Confederation of British industry. But in 2004 he was made to resign. Is it compulsory that a business must be earning profits every year irrespective of economic conditions prevailing? But that is the expectation of markets in general. The capital market dominates the expectations and the management feels obliged to show the expected results. To meet the expectations, they hide the actual and report doctored figures. Most of the scandals in the corporate world are the results of that pressure.

Law alone is not enough to ensure that corporate behaviour does not go against social interests. Corporate action has its side effects externalities which are not adequately regulated by law or markets. It is only the ethical behaviour of the management that can safe guard against such deviations, trust is essential for business relations. Most of business relations depend on contracts. If everything is to be negotiated and litigated', it becomes costly and impractical. Ethical behaviour reduces that cost. Short term bias of institutional investors actually supports unethical behaviour, openers, fair mind, courage, honesty and willingness to hear are the attributes of ethical leadership. Before taking decision the effects of it on others has to be assessed sincerely to make it beneficial to the organization. Correct question is half the answer. Questioning yourself is more important than questioning others. That is starting point for ethics.

We do not resort to spiritualism to define ethics. Fear of god is not Conductive to ethical behaviour. Ethics can be related to business in different ways one may called it as business ethics or ethics in business.