



A comprehensive analysis on Corporate ethics

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Abstract:

Business ethics is a form of professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and business organizations as a whole. Applied ethics is a field of ethics that deals with ethical questions in many fields such as medical, technical, legal and business ethics.

In this paper we will consider the factor of 'business ethics' as an asset for the organization. Form the business point of view each and every organization tries to achieve the main goal, which obviously is to 'maximize the profit'

But while doing so these organizations should also consider their moral, ethical and social obligations. If these obligations are neglected, in the long run it would implicate many devastating results, while fulfilling those could prove to be a very valuable asset in the long run. Some ethical situations are straightforward and can be guided by rules, laws, and policies. However, many situations are "neither wholly right nor wholly wrong" and introduce difficult dilemmas having justifiable alternatives and significant consequences. The business ethics gray zone is made more complicated by the complex global condition in which laws vary by country and ethics vary by culture.

Keywords: *Corporate Ethics, The Global Perspective, Infosys Technologies*

1. Defining Ethics

Ethics means the basic concepts and fundamental principles of right human conduct. It includes study of universal values such as the essential quality of all men and women, human or natural rights, obedience to the law of land, also for natural environment. Ability to distinguish between the right and the wrong is integral part of life while running a business is a part of life. Thus the moral principles that govern a person's or group's behavior i.e. the moral correctness of specified conduct.

2. Defining Corporate Ethic

Business ethics is the study and evaluation of decision making by businesses according to moral concepts and judgments. Ethical questions range from practical, narrowly defined issues, such as a company's obligation to be honest with its customers, to broader social and philosophical questions, such as a company's responsibility to preserve the environment and protect employee rights. Managers must balance the ideal against the practical—the need to produce a reasonable profit for the company's shareholders with honesty in business practices, safety in the workplace, and larger environmental and social issues. Ethical issues in business have become more complicated because of the global and diversified nature of many large corporations and because of the complexity of government regulations that define the limits of criminal behavior. For example, multinational corporations operate in countries where bribery, sexual harassment, racial discrimination, and lack of concern for the environment are neither illegal nor unethical or unusual. In short it can be defined as "The application of a moral code of conduct to the strategic and operational management of a business."

3. Corporate Ethics Are Implemented To

Corporate Ethics are implemented to- Define the framework of the acceptable behavior. Follow high standards of practice. Create benchmarks for self evaluation. Enhance sense of community. Create transparency in the business activities. Foster higher standards of business ethics. Comply with government laws and norms. Writing a corporate code of conduct is in vogue today as a means of articulating the ethics of a business. Such codes are proudly displayed on web sites and in corporate brochures more for public relations than anything else. Regardless of what a code of conduct says in print, ethical behavior is based on the relationship of superior and subordinate worker relationships. If a subordinate observes an indiscretion by his superior, in all likelihood it will be emulated by the subordinate. This phenomenon occurs top-down in the whole corporate chain of command. If it breaks down anywhere in the corporate hierarchy, it will become visible to the subordinate layers and potentially create a "trickle-down" effect. This means the boss has to be a role model for ethical behavior. If they do not, it will not go unobserved by their subordinates. Managers, therefore, should follow "do as I say, not do as I do" phenomenon. Ethics should be implemented through:

1. Promoting awareness and compliance with the integrity policies of the Company consistent with the Global Principles through appropriate communication and training.
2. Encouraging their employees, directors and officers to report all specific concerns that they may have concerning compliance with the integrity policies of the Company consistent with the Global Principles without fear of retaliation.
3. Applying appropriate, proportionate and dissuasive sanctions for evidenced cases of non-compliance.
4. Establish a means of enforcing the code: consequences for violating it such as fines, garnished wages and the like.
5. Thus, it is everyone in company or business who is responsible for maintenance of corporate ethics.

4. Corporate Ethics: The Global Perspective

Corporate ethics: The global perspective Study by Columbia University 1990 Half of 1,000 business executives admitted being rewarded for taking action on the job that they considered unethical. One in three reported that refusing to take unethical action resulted in penalties.

Divided loyalties represent a significant challenge in Asia, where members of the corporation are family, making it difficult for organizations to establish an environment that accepts whistle blowing. In Korea, for example, a subordinate's loyalty to a superior can be greater than his or her loyalty to the company. Similarly, in Japan, a tradition of lifetime employment and a strict seniority system can discourage workers from questioning management decisions, dictating that employees show unbounded loyalty to their co-workers.

In China, attempts to introduce corporate hotlines can remind employees of the horrors of the Cultural Revolution when citizens were encouraged to report 'illegal activities' to authorities, which included children reporting against parents, students against teachers, and neighbors against neighbors. In Germany, encouraging anonymous or confidential reporting can bring to mind Gestapo tactics from World War II or the far-reaching informant networks of the Stasi in the former East Germany. In South Africa, whistleblowers are associated with apartheid-era informants, called *impimpis*, who often faced a public death if caught or suspected of reporting.

5. Inferences

Stephan Rothlin, general secretary of the Center for International Business Ethics (CIBE) said that "They want to be global players, and they realize that in order to become a real global power, they have to eliminate corrupt practices." Many students at the Beijing University of International Business

and Economics, where CIBE is based, are pursuing an MBA because they are frustrated by the corruption they witness, he noted.

CSR Europe is the leading European business network for corporate social responsibility with over 60 leading multinational corporations as members. Since its inception in 1995 by the then European Commission President Jacques Delors and leading European companies, the mission of CSR Europe has been to help companies integrate corporate social responsibility (CSR) into the way they do business, every day. The inferences Overemphasis on immediate gains can cascade down the organization. Sending message to staff to generate cash flow, supersedes all other objectives, including personal integrity. This message carries more weight than official proclamations of values, and codes of ethics. Corporate directors need to minimize a company's ethical liabilities and maximize its ethical assets

6. How to Maximise the Ethical Assets

Recognizing the company's need to manage corporate ethics, the dangers of taking it for granted. Supporting management to prevent or protect against unethical activities Developing strategies to raise the ethical standard in the organization. Build trust as a competitive lead.

We should act with integrity and make decisions based on high ethical standards. Should understand and honor the letter and spirit of the laws and regulations that apply to our businesses. We should foster a fair, respectful and collaborative work environment. Instill and maintain trust in dealings with our customers, shareholders and partners. We should understand that managing risk is our business and the responsibility of every Prudential associate. We should understand that protecting information and assets is critical in meeting our obligation to our customers, our associates, our shareholders and Prudential.

For example BBC Worldwide is committed to the highest standards of ethics, honesty, openness and accountability. It is crucial that they take all necessary steps to protect the reputation of the BBC and the value of the BBC brand. As an organization, BBC Worldwide takes a zero-tolerance approach to any form of corruption: in the course of their business activities they do not endorse any form of fraud or corruption from either their own staff or those acting on their behalf. This commitment is reflected in the key principles in the BBC Worldwide Anti Fraud and Corruption Code of Conduct on their Ethics and Standards page, which they expect all their staff and those acting on their behalf to understand and comply with. For information on ethical sourcing, see BBC Worldwide Code of Ethical Policy and our Worldwide Aware Corporate Responsibility pages.

7. Approches to Bring Code of Corporate Ethics to Life

Approches to Bring a Code of Corporate Ethics to Life one should emphasize values, in creating the code of corporate ethics supported by rules. Employees should be Educated about the corporate ethics code to make it relevant and real. Reinforce the code within and beyond the organization. Encourage employees to become active participants in upholding the corporate ethics code and its values. Gather feedback, measure effectiveness and continually improve the code of conduct.

8. Corporate Ethics: The Indian Perspective

Corporate ethics: the Indian Perspective Indian business culture puts a premium on favors, friendship and clanship. Friendship is highly valued, whether based on multigenerational family friendships, school friendships or personal friendships. The Western concept of conflict of interest does not always match well with the Indian value of loyalty.

Ethics is an important part of business. Companies use ethical behavior models to ensure managers and employees follow the proper rules of the company and the business environment when working. Many

organizations develop guidelines to train and educate employees on proper ethical behavior in the workplace. Ethical guidelines can help relieve the pressure a company faces from consumers, competitors and the economic market when conducting business.

Thus we can say that a code of ethics is more than just an abstract philosophical treatise. It's a blueprint for living: a means of promoting certain standards of behavior that strengthen the moral standing of those who adopt them. Ethical codes often flow from the top down in businesses and social organizations, Strong, viable codes create a durable organization, while organizations that adopt slipshod ethics (Enron is a prominent example) often collapse amid greed and scandal. Consider a training program to educate members on your code of ethics. It's helpful for them to know how to behave in certain business situations, for example, or to refrain from making any agreements on your organization's behalf which may violate the code. Lead by example. A code of ethics isn't worth the paper it's printed on if the heads of your organization don't adhere to it in all things. If you embody it yourself, you'll find those beneath you following it by default, and your organization will prosper as a result.

9. Case: Infosys Technologies

There are many businesses that succeed-the unique factor about Infosys is in just over two decades it has built a brand known for ethical standards both inside and outside in the marketplace. Ethics in Corporate governance means the parameters which a company sets for itself for its functioning. Transparency and disclosures about accounts as well as other important issues have to be communicated to the stakeholders in a truthful and prompt manner. These build up confidence and trust in the marketplace. To verify how much ethics mattered for a person who wants to invest his money in a firm, a random survey of 50 persons was carried out in the national capital of Delhi. The question asked was... "If you have to invest in a company which of the two would you give more preference Consistent growth of a firm which has exemplary ethical history. High profitability of a firm but which is largely non transparent and no clear ethical rules. More than 80 percent supported the firm with a good ethical history. Though the other company was highly profitable, yet its non transparent nature made it a risky venture. Ethical benchmarks for the company has to be non negotiable. A large number of businesses in India are family run. A company formed by outsiders can succeed in such environment only when it goes that extra mile. The image of a *non compromising attitude on ethical* issues builds up the confidence of the stakeholders. It was the first India registered company to list on NASDAQ in 1999. This helped in establishing the credibility of the firm as a global model. Mr. Narayana Murthy was named among twenty five most influential global executives by Time/CNN. Human resources have to be regarded as the main focus of growth and so their actions should speak louder than words and leaders must speak in a way that inspires integrity and a vision for the company. Infosys Technologies is widely known for its best practices in terms of business ethics and corporate governance. In 2000, the company was conferred the National Award for Excellence in Corporate Governance by the Government of India. Business Worlds survey ranked the company as number one among the most respected companies in India, in 2001. It was voted as India's best managed company for six years in a row between 1996 and 2001 by Asia Money poll. The company remained 'India's most respected company' since 2001, it topped the special categories of 'Most Ethical and Most Globally Competitive' companies and the 'Most Respected Company in the IT Sector', topping all 19 parameters of the survey.

This company featured among the world's most respected companies, having climbed in the 'Respect' ranking since last year. It was also recognized in a number of other categories including corporate governance, creation of shareholder value, corporate social responsibility and innovation. The culture of ethical behavior in the organization was passed from top and percolates down to the managerial and employees level, for the foundation of such system are made to rest on ethical value system. The founders of the company took only salaries and dividends and had no other benefits from the company

unlike founders of other companies. Mr. Murthy has known the way, shown the way, and gone the way. In order to create an ethical working environment, the initiative must be supported by, the top management and leaders in the organization. The steps in doing the same include:

1. Recognition that they are the role models by action and by values.
2. Assuming responsibility for instilling ethical behavior.
3. Articulating their values and training the staff.
4. Encouraging open communication and being consistent in their approach.

10. Principals for Ethically Run Business

Rule 1: If you strive to understand the values of different cultures, you will find common points.

Rule 2: If you analyze the facts, you will realize that honesty and reliability benefits you.

Rule 3: If you analyze case studies from different perspectives, you will discover the benefits of fair play.

Rule 4: Respecting your colleagues is the smartest investment you can make.

Rule 5: To increase productivity, provide safe and healthy working conditions.

Rule 6: To inspire trust, make your performance transparent.

Rule 7: Your loyal dissent can lead your institution in the right direction.

Rule 8: Downsizing your labor force is only beneficial when you respect each stakeholder.

Rule 9: To establish your brand name, act as a fair competitor.

Rule 10: Reduce the gap between the rich and poor by developing a new social security system.

Rule 11: If you act against discrimination, you will increase your productivity and profitability.

Rule 12: If you protect intellectual property, all stakeholders will receive their due share.

Rule 13: Ongoing changes in information technology require new forms of loyalty.

Rule 14: Your public relations strategy will only secure your reputation if it witnesses your drive for quality and excellence.

Rule 15: Your economic achievements will only stand on firm ground if you diminish corruption.

Rule 16: Long-term success urgently calls you to constantly care for the environment.

Rule 17: To become a refined player, sharpen your discernment and cultivate good manners.

Rule 18: Care for your business by caring for society.

Rule 19: Productivity Is Much More Important Than Profitability Principle

Rule 20: The Customer Is Not Sheep That Can Be Sheared Principle

Rule 21: The Buyer's Domain Is More Important Than the Middlemen's Domain Principle

Rule 22: Be Diplomatic With Your Competitor

11. Conclusion

It can be concluded that in present scenario we all need to be more ethical so that we find companies like Infosys at every nook and corner of the country which will increase our economic growth rate at the same time we all will join hands against different kinds of corruptive activities further can increase productivity and can be responsible towards social responsibility of enterprise. There are many positive aspects of corporate ethics which when practiced brings encouraging results. If you ask who is responsible to maintain corporate ethics then I will say its everyone's responsibility it cannot be followed by one or few. It should come from within and the feelings to satisfy companies objective and never work in organization with personal motive.

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