

A study into ethical practices in different countries



Business ethics examines ethical principles and moral that arise in a business environment. According to Velasquez, M. G. (1998, p. 11), Business Ethics: Concepts and Cases, Ethics is defined as “ the activity of examining the moral standards of a society, and asking how these standards apply to ones life and whether these standards are reasonable”. Business ethics are very subjective in nature and according to Paul S. (2001, P. 22-35) is considered a function of time and culture. It has been recognized with the time that business ethics has mingled with the cultural values and norms drive business ethics within national and regional boundaries. After studying the different literatures and case studies the end point which has to be noted is that business ethics have to be developed yet and the relation between all participants in the business such as, Employees, Employers have to be controlled and regulated by some ethical norms because business ethics has an tremendous influence on many processes in the company, and these processes can have both interior and exterior people involved in it.

The main objective of this study is to find out the general ethical practices involved in different countries and different departments of the company. As in many literatures it was noticed that the ethical practices in the management differs from culture to culture. The ethical practices also differ from department to department, division to division. Many companies are assessing the environmental factors that can lead employees to engage in unethical conduct. A competition in the business environment usually calls for unethical behavior.

Ethics contribute to the quality of life and one of their parts – normative ethics that study general rules, principles and codes of moral behaviour

Marikova et al.(1996, P. 273) – turns to become a subject matter for initiatives focusing on the improvement of quality of work life. Ethics can be defined as a value trying to specify right vs. wrong and good vs. evil, however having a narrower content than value. This results from the perception of value to which we can find up to 180 different definitions Marikova et al. (1996, P. 375), from which it is hereby adequate to name e. g. the approach of M. Rokeach. According to his definition, if a person shares a certain value it means that he/she holds an opinion that a particular way of acting or a target state of existence deserves due to personal and social reasons preference over alternative ways and target states, respectively (ibid.). In public administration we find sets of traditional values covering both ethic values (integrity, fairness) and other values, as democratic (role of law) and professional values (effectiveness, service), based on the society, democracy and professionalism Vermeulen (1998 P. 171-188).

Overview of Article

Empirical research on ethical beliefs and behavior in business organizations spans three decades beginning with a well-known study of attitudes of executives toward business ethics Baumhart (1996, P. 6 – 19.). The recent conduct or behaviour of some leading business figures, government officials and firms have raised many issues concerning the practice of ethics, and the underlying philosophy which governs this practice Small (1995 P. 154).

Ethical issues can differ significantly according to age, sex, income levels, the culture, time periods considered, location of the firm, and the size of the firm. The debate on ethical issues can be broadly divided into two separate areas of concern; ethical issues from a personal or individual viewpoint and

ethical issues from a corporate viewpoint. This distinction is necessary since the corporation or firm is separately liable in law for its actions.

There is considerable difficulty in describing the corporate viewpoint of ethics. This problem is exacerbated by the difficulty in describing exactly what business practice is fully acceptable, or fully unacceptable, from a broad social perspective. Many business practices that are seen as fully legal have caused a significant cost to society in direct and indirect ways in the past. Pollution and other environmental related consequences of development are obvious examples. Andrews (1989, P. 110-120), argued that a narrow economic (the maximization of wealth) view of the purpose of the organisation is the principle obstacle to achieving higher standards of ethical practice, since it allows overemphasis on self interest at the expense of the consideration of others.

In addition to these studies, Dubinsky and Gwin (1981, P. 141-168) report a comparison between managers from two different functional areas. This comparison between purchasing managers and salespeople shows a significantly different ethical perspective between the two and reveals the need to consider such comparisons in future work. Brenner and Molander (1977, P. 55: 71) report responses from a variety of functional areas but do not report any statistical analysis of the importance, if any, these functional identifications may have on ethical behavior. Also, a study by Bowman (1976, P. 87) sought to compare results of a survey of public administrators with the data from an earlier, nearly identical, study by Carroll (1975) of business administrators. Although there are no statistical tests of differences reported (for this reason these studies are not included in Table I), a number

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of comparisons are reported where the percentage agreement with an ethical issue is clearly different between the two groups of respondents. Finally, a study by Kidwell and her associates (1987, P. 995-1004) found a relationship between years of employment and ethical beliefs. Here, the scarcity of empirical work makes it difficult to conclude anything other than further

Type of Ethical Decision : Fritzsche and Becker (1983) found that managerial decision behavior would vary across types of ethical problems. Their findings were based on a series of scenarios developed to see if different types of dilemmas would lead to variations in a manager's ethical decision making. In a similar study, Weber (1990) found that the type of dilemma also affected the manager's moral reasoning. A number of studies (Izraeli, 1988; Kidwell et al., 1987; Stevens et al., 1989, Zey-Ferrell and Ferrell, 1982) utilizing the Newstrom and Ruch (1975) questionnaire supported the notion that some activities (e. g. falsifying reports, passing blame for errors versus giving gifts, not reporting others' violations) are viewed as more unethical than other activities.

Some theorists have adapted social contract theory to business, whereby companies become quasi-democratic associations, and employees and other stakeholders are given voice over a company's operations. This approach has become especially popular subsequent to the revival of contract theory in political philosophy, which is largely due to John Rawls' A Theory of Justice, and the advent of the consensus-oriented approach to solving business problems, an aspect of the " quality movement" that emerged in the 1980s. Philosophers Thomas Donaldson and Thomas Dunfee proposed a version of <https://assignbuster.com/a-study-into-ethical-practices-in-different-countries/>

contract theory for business, which they call Integrative Social Contracts Theory. They posit that conflicting interests are best resolved by formulating a “ fair agreement” between the parties, using a combination of i) macro-principles that all rational people would agree upon as universal principles, and, ii) micro-principles formulated by actual agreements among the interested parties. Critics say the proponents of contract theories miss a central point, namely, that a business is someone’s property and not a mini-state or a means of distributing social justice.

As the famous quote by the Don and an ace businessman goes, ‘ Keep your friends close, but your enemies closer’, know what’s happening outside your industry. The reason for this advise comes from the fact that all industries are interdependent and grow only when they work in a symbiosis.

Competition is healthy, but an overly competitive industry begins to indulge in malpractices. Thus, find out how you can benefit from the others around you. By this quote we can understand how the ethics may change faster within the organization.

The companies has to a write code of ethics (or a Corporate Code of Conduct) and that will be considered as one of the important remedies by Merchant (1988), in avoiding deceptive practices which often occurred under the belief that it served the company’s best interest. Mr. Merchant also focused on a specified detailed Code of Conduct rather than a general Code of Conduct. Inorder to having a better understanding of ethical practices in the company the staff within the organization can be trained and make them understand the ethics which the organization is looking into. Top management has a significant role to play in business ethics. Moral guidance <https://assignbuster.com/a-study-into-ethical-practices-in-different-countries/>

and active leadership often reinforce the other devices used in enhancing good business practices. Efficient, effective detailed internal control systems are another complementary device in assuring good business practices. Everett (1986) reports that a 1979 study of the Ethics Resource Centre, found that 70% of large corporations had codes of ethics. The Centre for Business Ethics (1986) estimated that 90% of firms wishing to institutionalise ethical practices had written codes of ethics. This suggests that introducing and having written Codes is the first step to influencing ethical standards within the firm. McDonald and Zepp (1989, p. 23) described the primary advantages and disadvantages of codes. Criticism of codes centre on their generality, the fact the codes themselves are not prioritised, and are often not believed by employees. Advantages of codes are that they clarify exactly what constitutes unethical behaviour, focus employee attention upon the issue of ethics, define limits of conduct, provide employees with the opportunity of refusing compliance with an unethical action, communicate a managerial philosophy and assist in the induction and training of new employees.

CONCLUSION

There are many methods / research / analysis which has been carried out in order to determine the code of ethics in the various countries and companies within the same countries. The business ethics differ from place to place, company to company. When a business grows large enough to expand its operations into other countries, it is critical to hire local talent to assist in training existing personnel with regard to the integrity, understanding, responsibility, and cultural norms of the country where the

new operation is located. . McDonald and Zepp (1989, p. 78) All employees must be treated equally, and any issues of inequality must be dealt with quickly, fairly, and in a manner that is satisfactory to all.

Today, more than ever before, consumers pay a great deal of attention to corporate governance and proper behavior of businesses and their owners. The business runs profitable when there is a code of conduct, ethical practices followed within the organization. Because the marketplace is flooded with numerous variations of the same businesses, promises must be fulfilled and the price and quality of products must be equal to what is advertised, or another business will step in to deliver. Therefore, a code of ethics-whether unarticulated or formally documented-is vital to ensuring that a business will succeed.

A code of ethics that is both defined and acted upon is part of the business culture of every successful business, and must become the mantra of every business owner. Growing a flourishing business through the use of sound ethical principles will reap not only the benefits of growth and prosperity, but also the satisfaction of being able to sleep soundly at night.