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MBAH 201

LEADERSHIP, CSR & ETHICS

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Unit 1: Introduction to Leadership and CSR

Leadership is a dynamic and multifaceted concept that plays a crucial role in the success and sustainability of organizations. At its core, leadership involves the ability to influence and guide a group of individuals toward the achievement of common goals. Effective leadership goes beyond mere authority; it encompasses qualities such as vision, communication, adaptability, and the capacity to inspire others.

1.1 Key Leadership Traits

Visionary Thinking: Leaders with a clear vision can guide their teams through uncertainty and complexity, providing a sense of direction and purpose.

Effective Communication: Communication skills are paramount for leaders to articulate their vision, foster collaboration, and address conflicts within the team.

Adaptability: Successful leaders can navigate change and uncertainty, adjusting strategies and approaches to align with evolving circumstances.

1.1.1 Leadership Styles

Transformational Leadership: This style focuses on inspiring and motivating team members to exceed their own expectations and achieve exceptional results.

Transactional Leadership: Transactional leaders emphasize a structured approach, rewarding positive behavior and addressing issues through a system of rewards and consequences.

1.2 Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a business model that integrates ethical and responsible practices into a company's core strategy and operations. It involves taking responsibility for the impact of an organization's activities on various stakeholders, including employees, customers, communities, and the environment.

1.2.1 Key Components of CSR

Environmental Sustainability: Companies are increasingly recognizing the importance of adopting eco-friendly practices, reducing their carbon footprint, and promoting sustainable resource use.

Social Responsibility: This involves contributing to the well-being of society through initiatives such as community development, education, and philanthropy.

Ethical Business Practices: CSR emphasizes conducting business with integrity, honesty, and fairness, adhering to ethical standards in all interactions.

1.2.2 Benefits of CSR for Organizations

Enhanced Reputation: Companies engaged in CSR often enjoy a positive public image, fostering trust and loyalty among customers and stakeholders.

Employee Engagement: CSR initiatives can boost employee morale and satisfaction, attracting and retaining top talent by aligning the organization with socially responsible values.

Long-term Sustainability: Integrating CSR into business strategies contributes to long-term success by addressing environmental and social issues that impact the global community.

We may understand from the above discussion, leadership and CSR are interconnected elements that contribute to the overall success and sustainability of organizations. Effective leadership provides the vision and guidance necessary for a company to thrive, while CSR ensures that businesses operate ethically and responsibly, making a positive impact on both society and the environment. Understanding and integrating these concepts are essential for organizations aiming to navigate the complex and interconnected global landscape.

1.3 Defining Leadership

Leadership is a multifaceted concept that involves influencing and guiding individuals or groups toward the achievement of common goals. It goes beyond formal authority and includes qualities such as vision, communication, adaptability, and the ability to inspire and motivate others. Leadership is not solely about managing tasks but also about creating a positive and productive environment that fosters collaboration and innovation.

1.4 Defining Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a business approach that involves integrating ethical and responsible practices into an organization's core operations and values. CSR considers the impact of a company's activities on various stakeholders, including employees, customers, communities, and the environment. It encompasses initiatives related to environmental sustainability, social responsibility, and ethical business practices. CSR aims to balance profit-making with social and environmental concerns, contributing to the overall well-being of society.

1.5 The Importance of Leadership and CSR in Today's Business World

In the contemporary business landscape, effective leadership and CSR are essential for sustainable success.

1.6 Leadership:

Navigating Complexity: Leaders guide organizations through a rapidly changing and complex business environment, making strategic decisions and inspiring teams to adapt and thrive.

Building a Positive Culture: Strong leadership fosters a positive organizational culture, promoting collaboration, creativity, and employee engagement.

1.7 CSR:

Enhancing Reputation: CSR initiatives contribute to a positive corporate image, building trust and loyalty among customers, investors, and other stakeholders.

Attracting Talent: In a competitive job market, CSR can attract and retain top talent by aligning the company's values with those of socially conscious employees.

1.8 Different Leadership Styles

Leadership styles vary, and effective leaders often adapt their approach based on the situation and the needs of their team.

Transformational Leadership: Emphasizes inspiration and motivation, encouraging team members to exceed expectations and achieve exceptional results.

Transactional Leadership: Focuses on a structured approach, rewarding positive behavior and addressing issues through a system of rewards and consequences.

Servant Leadership: Prioritizes the well-being of team members and emphasizes collaboration and empathy.

1.9 CSR Approaches

CSR approaches encompass a range of strategies and initiatives that organizations can adopt to fulfill their social and environmental responsibilities.

Environmental Sustainability: Implementing eco-friendly practices, reducing carbon footprints, and promoting sustainable resource use.

Social Responsibility: Engaging in community development, supporting education, and contributing to philanthropic causes.

Ethical Business Practices: Conducting business with integrity, honesty, and fairness, adhering to ethical standards in all interactions.

Conclusively, the synergy between effective leadership and CSR is crucial for navigating the challenges of the modern business world. Organizations that embrace ethical leadership and socially responsible practices are better positioned for long-term success, contributing positively to both their internal operations and the broader global community.

UNIT 2 The Fundamentals of Leadership

Leadership is a complex and dynamic concept that involves guiding and influencing individuals or groups toward the accomplishment of common objectives. It encompasses a set of skills, traits, and behaviors that contribute to effective decision-making, motivation, and the creation of a positive organizational culture.

2.1 Leadership Theories: Trait Theories, Behavioral Theories, Situational Theories

Trait Theories: These theories suggest that certain inherent qualities, such as confidence, decisiveness, and integrity, distinguish effective leaders from others. However, trait theories have limitations in fully explaining leadership, as they may oversimplify the complex nature of leadership.

Behavioral Theories: Focus on observable behaviors rather than inherent traits. These theories explore the actions and reactions of leaders in various situations, emphasizing the importance of learned behaviors and adaptability.

Situational Theories: Propose that effective leadership depends on the context or situation. Leaders may need to adapt their style based on the specific needs and challenges faced by their team or organization.

2.2 Transformational Leadership, Servant Leadership, Authentic Leadership

Transformational Leadership: Emphasizes inspiring and motivating followers to achieve extraordinary outcomes. Transformational leaders often exhibit charisma, vision, and the ability to empower and develop their team members.

Servant Leadership: Prioritizes the well-being of team members and focuses on serving others. Servant leaders foster a sense of community, empathy, and collaboration within the organization.

Authentic Leadership: Involves being true to oneself and transparent in interactions. Authentic leaders build trust through honesty, self-awareness, and a commitment to ethical values.

2.3 Key Characteristics of Effective Leaders

Vision: Effective leaders have a clear and inspiring vision for the future, providing direction and purpose for their teams.

Communication Skills: Strong communication is crucial for conveying the vision, expectations, and feedback. Leaders must be able to articulate ideas clearly and listen actively.

Empathy: Understanding and considering the perspectives and emotions of others fosters positive relationships and enhances teamwork.

Adaptability: Leaders must be able to navigate change and uncertainty, adjusting strategies as needed to address evolving challenges.

Integrity: Ethical behavior and honesty are foundational for building trust among team members and stakeholders.

2.4 Developing Your Own Leadership Style

Self-Awareness: Understand your strengths, weaknesses, values, and motivations. Self-awareness is crucial for recognizing how your leadership style may impact others.

Continuous Learning: Stay informed about leadership trends, theories, and best practices. Continuously seek feedback and be open to adapting your leadership style based on experiences and insights.

Building Relationships: Cultivate strong relationships with team members. Trust and collaboration are essential for effective leadership.

Risk-Taking: Be willing to take calculated risks and learn from failures. A growth mindset encourages experimentation and innovation.

Flexibility: Recognize that different situations may require different leadership approaches. Flexibility allows you to tailor your style to meet the unique needs of your team and organization.

Summarily, understanding the fundamentals of leadership, exploring various theories and styles, and developing key characteristics contribute to becoming an effective and adaptive leader. By continuously refining your leadership approach and embracing a commitment to growth, you can cultivate a style that aligns with your values and positively impacts those you lead.

UNIT 3 Corporate Social Responsibility (CSR)

3.1 Defining CSR, Dimensions of CSR

Corporate Social Responsibility (CSR) refers to the ethical and responsible practices that businesses integrate into their operations to contribute positively to society. It involves going beyond legal obligations and proactively addressing the social, environmental, and economic impacts of business activities. The dimensions of CSR encompass economic, environmental, and social responsibilities.

Economic Responsibility: Involves conducting business ethically, generating profits, and contributing to economic development. Companies must prioritize fair business practices, compliance with regulations, and the creation of economic value.

Environmental Responsibility: Entails minimizing the environmental impact of business operations. This includes sustainable resource use, waste reduction, and efforts to mitigate climate change through eco-friendly practices.

Social Responsibility: Encompasses actions that benefit society, such as community engagement, philanthropy, and initiatives that improve the well-being of stakeholders, including employees and local communities.

3.1.1 The Business Case for CSR

Enhanced Reputation: Companies with strong CSR initiatives often enjoy a positive public image, fostering trust and loyalty among customers, investors, and other stakeholders.

Risk Mitigation: CSR helps identify and address potential risks related to environmental, social, and ethical issues, reducing the likelihood of reputational damage and legal problems.

Attracting Investors and Customers: Investors and consumers increasingly prefer companies that demonstrate a commitment to ethical and sustainable practices, creating a competitive advantage for socially responsible businesses.

Employee Engagement and Productivity: CSR initiatives can enhance employee morale, attract top talent, and improve job satisfaction, leading to increased productivity and retention.

3.2 Developing a CSR Strategy for a Company

3.2.1 CSR Strategy Components

Stakeholder Analysis: Identify and prioritize stakeholders, understanding their concerns and expectations. This analysis informs the development of targeted CSR initiatives.

Setting Objectives: Establish specific, measurable, and time-bound goals aligned with the company's values and the expectations of stakeholders.

Integration with Business Operations: Integrate CSR into core business processes, ensuring that sustainability and responsible practices are embedded throughout the organization.

Transparency and Reporting: Communicate CSR efforts transparently through reports and communication channels. Regularly update stakeholders on progress and challenges.

3.2.2 CSR Strategy Implementation

Cross-Functional Collaboration: Involve various departments and teams in the implementation of CSR initiatives, fostering collaboration and shared responsibility.

Training and Awareness: Provide training to employees to increase awareness of CSR goals and the role each individual plays in achieving them.

Partnerships and Collaboration: Collaborate with external organizations, NGOs, and local communities to amplify the impact of CSR initiatives and address complex societal challenges.

3.2.3 CSR Strategy Evaluation

Performance Metrics: Establish key performance indicators (KPIs) to measure the impact of CSR initiatives. Regularly assess and report on progress toward goals.

Feedback and Improvement: Collect feedback from stakeholders, employees, and other relevant parties. Use this feedback to refine and improve CSR strategies over time.

Adaptability: Be flexible and responsive to changing societal expectations, emerging issues, and evolving business priorities. Adjust the CSR strategy as needed to stay relevant and effective.

It is imperative to understand that a well-defined CSR strategy, incorporating economic, environmental, and social responsibilities, contributes not only to the betterment of society but also to the long-term success and resilience of the company. By aligning CSR efforts with business objectives, implementing sustainable practices, and continuously evaluating and improving initiatives, companies can make meaningful contributions to a more sustainable and responsible future.

Unit 4 Conceptual Framework of Business Ethics

4.1. Introduction to Ethics and Morals

The term "ethics" is derived from the Greek word "ethos," which denotes character, habit, conventions, methods of behaving, and so on. "Moral philosophy" is another term for ethics. The term "moral" is derived from the Latin word "mores," which means "customs, character, behaviour, etc." Thus, ethics can be described as the systematic study of human behaviours in terms of their rightfulness or wrongfulness as a way of achieving ultimate satisfaction. It is the introspective examination of what is good or wrong in that aspect of human behaviour for which humans bear some personal responsibility. Simply said, ethics refers to what is good and how to obtain it, as well as what is harmful and how to avoid it. In simple terms, ethics refers to what is good and how to obtain it, as well as what is harmful and how to avoid it. It refers to what should be done in order to attain what is good and what should not be done in order to prevent what is evil.

Ethics, as a philosophical subject, is the study of the values and principles by which we live. It also entails justifying these beliefs and norms. It is not simply adhering to a tradition or custom. Instead, these standards must be analyzed and evaluated in light of universal principles. Ethics, often known as moral philosophy, is the philosophical study of morality, moral dilemmas, and moral judgments. According to experts, ethics is a science in the sense that it is a set or body of reasoned truths organized logically and with specified material and formal objects. It is the science of what a human should be based on who they are. It is a rational science in the sense that its principles are deduced by human reason from things concerning free will. Furthermore, it includes as a secondary goal the art of living uprightly or comfortably to proper reason. It is a normative/regulative science in the sense that it controls and directs human life while also providing the proper orientation to one's existence.

Ethics is both theoretical and practical in nature. It is theoretical in the sense that it supplies the underlying concepts upon which moral judgments are based. It is practical in the sense that it is concerned with an ultimate goal and the tools to achieve it. But occasionally, morality and ethics can be distinct from one another. In such circumstances, ethics refers to the explicit philosophical reflection on moral beliefs and practices, whereas morality refers to the first-order ideas and practices about good and evil that we use to guide our behaviour (for example, music and musicology). In most circumstances, however, they are referred to as having the same meaning.

One must understand that ethics is more than just a collection of rules. Although ethics is concerned with moral codes, it cannot be reduced to moral codes. Ethics is not primarily concerned with limiting one's behaviour, but rather with assisting one in discovering what is good and how to obtain it. The compulsory nature of ethical standards stems from the objective of ethical inquiry, which is to discover the ultimate principles of explanation or the ultimate reasons why one should do anything.

4.1.1. Features of the Ethics

a) It is concerned with the fundamental human relationship, with how we think and behave toward others and how we want them to think and behave toward us.
b) Ethics is concerned with formalized principles drawn from societal ideals.
c) They establish obligations and qualities for all members of a society. They are crucial not simply in business and politics, but in all aspects of human endeavour.
d) There are no clear distinctions between ethical and unethical behaviour. As a result, humans frequently face ethical quandaries in which making a clear choice becomes difficult.
e) In ethics, the principles of equity and justice are implicit. Its primary goal is to treat everyone fairly and equally.

4.1.2. Evolution of Ethics

Ethics predates humanity. The initial ethical principles were undoubtedly passed down orally by parents and elders, but when civilizations learnt to employ the written word, they began to codify their ethical ideas. These records provide the first historical proof of the origins of ethics. As it is all about the study of human behaviour, the adequate tracking of the history of ethics is not entirely possible. However, as a systematic study of human behaviour, we can trace the evolution of ethics as a discipline. We do not have a direct history of moral conceptions followed by a separate and secondary history of philosophical commentary. To begin writing the history of moral philosophy, one must carefully select from the past what falls under the rubric of moral philosophy as we now understand it. Throughout the process, one must establish a balance between the dangers of a dead antiquarianism, which enjoys the delusion that we may approach the past without prejudices, and the danger of believing that the whole aim of the past was for it to conclude with us. However, we can see a gradual evolution in ethical philosophy from the beginning to the present.

The history of ethics in Western philosophy can be traced back to the fifth century B.C., with the emergence of Socrates. His aim as a Greek philosopher was to awaken his fellow people to

the necessity for reasoned evaluation of their beliefs and actions. It was around this time that philosophers began to look for causes for established norms of behavior. Socrates' demand for rational foundations for ethical judgments focused attention on the challenge of tracing the logical relationship between values and facts, resulting in the development of ethical philosophy. Plato's theory of forms may be seen as the earliest attempt to justify moral realism and provide an objective foundation for moral truths. From the Republic to the later dialogues and epistles, Plato developed a methodical understanding of God, nature, and humanity that served as the foundation for many ethical theories. His fundamental purpose in his ethical theory was to point the way to a vision of the Good. Aristotle diverged from Plato in his technique of investigation and his view of the significance of ethical principles in human affairs. While Plato was the founder of religious and idealistic ethics, Aristotle established the naturalistic tradition. Aristotle's ethical writings (the Eudemian Ethics, the Nicomachean Ethics, and the Politics) represent the first comprehensive research into the foundations of ethics. One could even consider Aristotle's description of the virtues to be among the earliest thorough investigations in normative ethics. It was an obvious synthesis of Greco-Roman ideas, Judaism, and parts of other Middle Eastern religions.

Christian thinkers and theologians such as Augustine and Thomas Aquinas dominated the medieval period. The Christian influence dominated the ethical scenario. So much so that philosophy and religion were practically indistinguishable during this time period. The development of Christian philosophy ushered in a new epoch in the history of ethics. In the early medieval period, the most notable philosopher was St. Augustine, who combined the desire of temporal well-being with the preparation of the soul for eternal salvation. Thomas Aquinas is the next great figure in medieval philosophy. He achieved a genuine unification of Aristotelian science and philosophy with Augustinian theology. Aquinas was extremely successful in demonstrating the compatibility of Aristotelian naturalism with Christian orthodoxy and in establishing a coherent vision of nature, humanity, and God.

The social and political transformations that marked the end of the medieval period and the rise of the modern age of industrial democracy gave rise to a new wave of ethical ideas. The growth of commerce and industry, the discovery of new globe areas, the Reformation, the Copernican and Galilean revolutions in science, and the rise of strong secular governments all necessitated the adoption of new principles of individual behaviour and societal organization. Francis Bacon, René Descartes, Thomas Hobbes, Gottfried Wilhelm Leibniz, Benedict de Spinoza, John Locke, David Hume, Immanuel Kant, John Stuart Mill, and Friedrich Nietzsche were some of the contemporary thinkers who contributed to significant developments in ethical

thinking. Karl Marx and Sigmund Freud contributed to further breakthroughs in ethical philosophy in the West. We do not plan to provide a full study of their contribution to ethics in this section. However, Utilitarianism, dominated by British and French Philosophy (e.g. Locke, Hume, Bentham, Stuart Mill), and Idealistic ethics in Germany and Italy (e.g. Kant, Hegel, Nietzsche) were the most important ethical ideas during this century.

A further complicated area of study is the present ethical scenario. In its broadest sense, current European ethics aims to encompass a wide spectrum of ideas ranging from phenomenology to theories of communicative action. The conditions of modern civilization compelled philosophers to seek a genuine foundation for ethics and moral existence. Much of the English-speaking world considers G.E. Moore's Principia Ethica (1903) to be the foundation of contemporary ethical thought. Others who have made significant contributions to ethical philosophy in various parts of the world include Martin Buber, Gabriel Marcel, Emmanuel Levinas, Max Scheler, Franz Brentano, and John Dewey.

Additional Readings for better understanding:

- https://www.britannica.com/topic/ethics-philosophy

4.1.3. Classification of Ethics and its application

Ethics aims to overcome moral issues by defining concepts such as good and evil, right and wrong, virtue and vice, justice and crime. As an intellectual field, moral philosophy is linked to the sciences of moral psychology, descriptive ethics, and value theory. Moral philosophy, often known as 'Ethics,' is systemizing, defending, and promoting ideas on what constitutes good and harmful behaviour in our society. The study of ethics aims to generate a shared worldview that governs what is considered right and wrong. The Dimensions of Ethics address addresses questions of human morality involving good and evil, virtues and vices, fairness and injustice, and other related topics. The three dimensions of ethics are

(a) Normative Ethics: One method to comprehend this form of ethics is to examine societal norms or regulations. Normative Ethics investigates what is right and wrong in a given context. In a nutshell, Normative Ethics is concerned with the development of theories that establish universal moral standards controlling our behaviour. Utilitarianism, Kantianism, and Virtue Theory are the three major forms of normative ethical systems.

(b) Applied Ethics: Applied Ethics is the study of how we should act in certain aspects of our lives, such as meat-eating, euthanasia, or stealing. Recycling ethics is one form of applied ethics. We may apply this to our daily life by recycling as much as possible and

educating our children to do the same. It also applies to wider global challenges, such as the influence of deforestation on the habitats of endangered species, which would result in a loss of biodiversity.

(c) Meta-Ethics: Metaethics is the study of how humans engage in ethics. Meta-ethics considers what it means to practice ethics. In other words, meta-ethics asks how we can justify ethical judgments or argue that one ethical theory is superior to another.

The analogy of ethics and football by Fisher (2011) is a fantastic illustration for a better understanding of the dimension of ethics. The normative ethicist is analogous to a referee concerned with the game's rules. He is interested in the broad theories that shape our moral behavior and explain how we determine what is right and wrong. The meta ethicist is analogous to a football analyst. She is interested in the mechanics of ethics itself. The meta ethicist might, for example, discuss how individuals use moral language, comment on the psychology of immoral people, or inquire whether moral attributes exist. The Applied Ethicists are the players. They're going to "get their hands [or feet] dirty". They "play" with the general laws of normative ethics. Their area of concern is how we ought to behave in particular situations. For example, how should we handle concerns such as meat consumption, euthanasia, and stealing?

Check your progress:

- What do you understand by ethics and moral? How the two are distinct from one another?

4.2. Introduction to Business ethics

According to Kirk O. Hanson, a famous ethics expert who also serves as the Executive Director of the Markkula Center for Applied Ethics, "business ethics is the study of the standards of business behaviour that promote human welfare and the good." "Business Ethics" is the critical, organized assessment of how people and institutions should behave in the world of commerce. It entails, in particular, investigating suitable limits on the pursuit of self-interest or (for firms). "Business ethics" is described by the IBE as "the application of ethical values to business behaviour." "Ethics is concerned not only with distinguishing between what is right and what is good, but also with a commitment to do what is right or what is good," writes Kenneth Kernaghan. The concept of ethics is intrinsically tied to the concept of value, which is an abiding belief that influences the choices we make among accessible means and ends." R.E. Freeman and A.F. Stoner define ethics as "the study of how our decisions affect other people." It is also the study of people's rights and responsibilities, as well as the rules they use to make

decisions."

In simple terms, business ethics refers to both written and unwritten moral norms that are crucial to a company's current operations and future goals. They can differ between businesses due to differences in cultural viewpoints, operational structures, and strategic orientations. Business ethics serves as a guiding foundation at all levels of the organization. It all boils down to having the discernment to distinguish between right and wrong actions. Simply said, business ethics refers to the organization's corporate governance codes. It specifies the moral standards and behavioural patterns that are expected of individuals and businesses as a whole. These moral criteria might be seen in terms of the business's microenvironment and macroenvironment. Ethics is a set of rules, or a moral value system derived from human reason and experience, that determine whether free human behaviours are ultimately right or wrong, good or evil. If an activity conforms to these norms, it is ethical; otherwise, it is unethical.

To summarize in brief,

- Business ethics is a branch of ethics that provides criteria for how business should be conducted.
- Business ethics are actually the guidelines to the different stakeholders of any business.
- Business ethics is the responsibility of the managers and employees.
- Business ethics is the application of ethical judgments to business activity.

4.3. Nature of ethics

The ideal code of conduct for individuals is in harmony with normative standards, which are referred to as the nature of ethics. Ethics functions as a collection of rules to help make decisions that are more rational because human emotions can affect any ethical decision.

i. As a normative science: Being a normative science, it places more emphasis on what ought to be done than on contextual considerations. It fairly addresses the incident using pertinent empirical data that might clarify various situations in accordance with ethical standards. It focuses on creating a system to determine if a human activity is right or wrong. Example: Art and Logic.

ii. As a science of character: This means that ethics is a science of right that should always be adhered to. This establishes both temporal behavior and the foundation for making legal decisions.

iii. As not a practical science: That is to say, it is merely a means to an end. Ethics can merely serve as a guide, unlike practical science, which has a logical conclusion.

iv. Ethics is not an Art: In morals, the intention behind an action determines whether it is right or evil, while in art, talents are used to achieve a desired outcome.

v. Only applicable to Human Beings: As a principle, ethics is solely applicable to humans—those who possess the mental capacity to comprehend moral judgments.

vi. Variable Nature: Ethics are dynamic and subject to change. It varies depending on the society. This erratic quality of ethics is influenced by cultural background and historical period.

4.4. Ethics vs. Law

The terms law and ethics are sometimes used interchangeably, but there is a distinction. Ethics are the rules that guide a person or community in determining what is good or bad, right or wrong, in a given scenario. It governs a person's behaviour or conduct and assists an individual in leading a good life by enforcing moral principles and guidelines. For the average person, these two phrases are interchangeable, however there is a distinction between law and ethics.\
The law is defined as a system of rules and regulations enacted by the government in order to regulate the entire society. The law is universally recognized, acknowledged, and enforced. It was established to maintain social order, peace, and justice in society, as well as to protect and safeguard the general public's interests. It is created with ethical ideas and moral ideals in mind. The country's judicial system creates the law. Everyone in the country is required to obey the law. It specifies what a person must and must not do. As a result, a violation of the law may result in punishment or penalty, or both. On the other hand, we define ethics as the discipline of moral philosophy that instructs people on what is good and bad. It is a collection of core human character notions and ideals. The principles assist us in determining what is right and wrong. It teaches us on how to respond in a specific scenario and make a decision in order to make better choices for ourselves. The code of conduct agreed upon and approved by the people is known as ethics. It establishes a standard for how a person should live and interact with others.

The following are the key differences between law and ethics:

i. The law is described as a set of laws that controls the entire society as well as the acts of its individual members. The science of proper human behaviour is referred to as ethics.

ii. The law is a system of laws and regulations, whereas ethics is a set of guidelines and principles that teach individuals how to live or behave in a certain scenario.

iii. The government, which might be municipal, regional, national, or worldwide, creates the legislation. Ethics, on the other hand, is guided by an individual, legal, or professional norm, such as workplace ethics or environmental ethics.

iv. The constitution expresses the law in writing form. In contrast to ethics, it cannot be found in writing.

v. A violation of the law may result in punishment or penalty, or both, whereas a violation of ethics does not.

vi. The goal of the legislation is to maintain social order and peace within the country, as well as to protect its citizens. In contrast, ethics is a rule of behaviour that helps a person decide what is good and wrong and how to act.

vii. The law imposes a legal obligation on people, but ethics does not.

4.5. Culture vs. Universal Norms

Culture refers to a group's way of life or manner of doing things. It is the collection of attitudes, beliefs, goals, and behaviours held by members of a group, organization, or society. Cultures differ over time, between countries and geographical regions, and between people and organizations. Culture expresses moral and ethical values and standards that govern how individuals should behave and interact with one another. Cultural norms are the shared, sanctioned, and integrated systems of ideas and practices that characterize a cultural group and are passed down through generations. Norms provide dependable norms for daily living and contribute to a culture's health and well-being. They serve as guidelines for appropriate and moral behaviour, provide purpose and coherence to life, and provide a means of gaining a sense of integrity, safety, and belonging. These normative ideas, along with associated cultural values and rituals, impose order and control on areas of life that would otherwise look chaotic or unpredictable.

This is where culture and ethics collide. Because cultural standards influence views of what is moral, it is possible that what is ethical to one group will not be judged so by someone living in a different society. Cultural relativists argue that there is no single truth upon which to base ethical or moral action across time and space, because our judgments of truth are impacted by our own culture. This perspective differs from universalism, which maintains that moral ideals are the same for everyone. Cultural relativists regard this as an ethnocentric viewpoint, because universalists proposed universal set of values is based on their own set of values. Cultural relativism is also thought to be more tolerant than universalism because, if there is no foundation for moral judgments between cultures, civilizations must be accepting of one

another.

For example, the French and Americans have opposing perspectives on whistleblowing. In comparison to the French, American businesses see it as a natural element of doing business. It was so natural, in fact, that they established anonymous hotlines. The French, on the other hand, see whistleblowing as eroding coworker unity.

4.6. Eastern and Western Ethical Thought and Business Practices

According to Dr. Richard Paul and Dr. Linda Elder of the Foundation for Critical Thinking, "most people confuse ethics with behaving in accordance with social conventions, religious beliefs, and the law" and do not treat ethics as a stand-alone notion. According to Paul and Elder, ethics is "a set of concepts and principles that guide us in determining what behavior helps or harms sentient creatures." However, culture, social traditions, and upbringing also have a significant impact on ethics and morality. As a result, people from different cultures have varying sets of ethics. This is notably visible in the ethics of groups of individuals from the Eastern culture as opposed to persons from the Western culture.

Ethics and morality are learned rather than instilled. Morals and aspects of right and evil are taught to us by our parents, teachers, literature, films, and television. We create a set sense of what is right and wrong, but mostly of what is acceptable and what is not by watching others.

The major distinction between eastern and western ethics is that western ethics is concerned with discovering truth, whereas eastern ethics is concerned with etiquette and demonstrating respect. Eastern ethics is considerably more concerned with doing what is proper in terms of what your family, society, and culture demand of you. Western ethics, on the other hand, focuses on the individual and what is rationally or logically true. Furthermore, Western Ethics emphasizes the rule of law and justice, but Eastern Ethics holds that one must do what is right and expected, and the world will take care of the rest.

Table 4.1. Comparison between Eastern and Western Ethics

	Western Ethics	Eastern Ethics
Focus	Finding Truth	Protocol and Respect
Basis	Rational Thought	Religious teachings
Emphasis	Logic, Cause and Effect.	Respect towards family
Roots in	Athens, Rome and JudeoChristianity	Hinduism, Buddhism, Confucianism and Taoism
Approach	Rational	Holistic and cultural
Conflict and Harmony	Good must triumph over Evil	Good and Bad, Light and Dark all exist in equilibrium.

Check your progress:

- What is business ethics?
- What are the key differences between laws and ethics?
- Darw a comparison between the eastern and westerns thoughts of ethics.
- Discuss the relation between culture and universal norms.

4.7. Understanding Decision Making

4.7.1. Essence of Decision Making

Making choices among various courses of action, which may also involve inaction, is referred to as decision making. While it is true that management is responsible for decision making, half of the decisions made by managers inside organizations fail (Ireland & Miller, 2004; Nutt, 2002; Nutt, 1999). As a result, enhancing your decision-making effectiveness is a key aspect of increasing your overall effectiveness at work. Individuals in organizations utilize the information they collect to make a variety of decisions. These decisions can have an impact on the lives of individuals and alter the trajectory of an organization.

Since many decisions contain an ethical component, one of the most significant issues in management is whether the judgments you make as an employee or manager are ethical. Here are some basic considerations to consider when evaluating the ethics of a decision (Blanchard & Peale, 1988):

- Is this decision fair?
- Will I feel better or worse about myself as a result of this decision?
- Does this decision violate any organizational rules?
- Does this choice violate any laws?
- How would I feel if this decision was made public?

4.7.2. Decision-making Process

Decision making is defined as the process of selecting among alternatives in order to attain a goal. When deciding between alternatives, three separate stages of the decision-making process are discernible. These three phases fall into one of three temporal categories:

i. The past, during which issues emerged, data was gathered, and a decision was thought to be necessary;
ii. The present, during which options are considered and a decision is made;
iii. The future, during which the decisions will be implemented and assessed.

The activities connected with the three primary stages were defined in the following manner (Simon, 1960):

i. Intelligence activity: Using the military definition of intelligence, Simon describes this early step as an attempt to recognize and understand the nature of the problem, as well as look for potential causes.

ii. Design activity: During the second phase, different courses of action are imagined, developed, and analyzed in light of previously recognized limits.

iii. Choice activity: At this stage, the actual choice amongst the available and assessed choices is made.

Observing the nature of these three phases' activities, it is clear why the thoroughness of the intelligence and design phases has such a huge influence on the quality of any conclusion. Henry Mintzberg and his colleagues (1976) traced the stages of several actual organizational choices. They also developed a three-phase model, as shown in Figure 4.1.

i. The identification phase is the time when a problem is identified and a diagnosis is made. It was discovered that while severe urgent problems did not have a very methodical, detailed diagnosis, milder difficulties did.

ii. The development phase is the time when a search for existing standard procedures, a ready-made solution, or the design of a new, tailor-made solution takes place. The design process was discovered to be a chaotic, trial-and-error process in which the decision makers had only a hazy vision of the ideal result.

iii. The selection phase is the stage during which a solution is chosen. There are three ways to make this decision: (1) by the decision maker's judgment, based on experience or intuition rather than logical analysis; (2) by analysing the alternatives logically and methodically; and (3) by bargaining when the decision involves a group of decision-makers. An authorization is issued once the decision has been formally accepted.

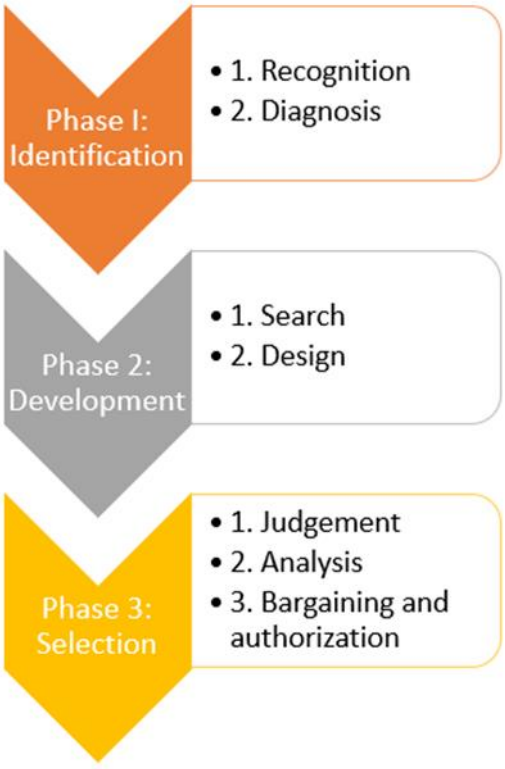

Figure 12.1 Mintzberg's Phases of Decision Making in Organizations

4.7.3. Classification of Decision Making

A manager is needed to make a variety of decisions. These are divided into three categories:

a) Basic and routine decisions

b) Personal and organizational decisions.
c) Programmed and non-programmed decisions.

Basic decisions are those that are made only once and have a long-term impact on how an organization operates. For example, if an entrepreneur decides to start his own business, he will base his decision on the amount of money to invest, the location of the plant, and the regulations and guidelines that will control the organization's operations. Any errors in this decision could have a long-term negative influence on the organization. Routine decisions, on the other hand, are those that are made on a daily basis and do not have a significant impact on the organization's long-term functioning. The extent to which a person makes basic or routine decisions in an organization is determined by his position. A person at a lower level in the organization, such as a lower division clerk, makes more routine decisions, whereas a person at a higher level, such as the company's managing director, makes more basic decisions.

Another popular method of categorizing decisions is whether they are personal or organizational in nature. Personal decisions are made to achieve personal goals, while organizational decisions are made to achieve organizational goals. Both of these, however, tend to overlap. Bernard (1937) makes another distinction in his book The Functions of an Executive, stating that the fundamental difference between the two is that "personal decisions cannot ordinarily be delegated to others, whereas organizational decisions can often, if not always, be delegated." In practice, it may be difficult to distinguish between personal and organizational decisions because they both impact one other, either directly or indirectly. A manager's personal decision to pursue further education by taking a two-year leave of absence from the organization will have a significant influence on the firm's operations. He may need to address the quandary before making any decisions in this regard.

Another distinction in decision-making is the contrast between programmed and unprogrammed decisions. As the name implies, programmed decisions are routine and repetitive decisions handled by bureaucratic procedures, whereas non-programmed decisions are made by individuals based on the information available and their own abilities to judge the situation (Simon 1997). In general, a manager takes a judgment during a crisis and under time constraints. According to Burgon (1939), alluding to Gresham's law of planning, there is a general tendency for planned activities to overwhelm unplanned events. As a result, a manager is more likely to make routine judgments much early and more frequently than those that demand considerable thought. He does so in the hope that he will be able to complete the boring jobs before tackling the critical ones.

The above discussion has led to the conclusion that there is no single optimum way to classify decisions. The following two dimensions are mostly used to categorize decisions in a very separate way:

a) Problem complexity: The amount of information processing required to reach a decision. If the decision is straightforward, it necessitates less data processing and so falls under the category of low problem complexity. Complex challenges will be found at the other end of the spectrum.
b) Outcome uncertainty: This relates to the degree of certainty with which the decisions' outcomes can be placed. If the decision's outcome is certain, the decision is said to be high on certainty; if the outcome cannot be predicted, the decision is said to be low on outcome certainty.

The above-mentioned two dimensions can be plotted on a continuum (Figure 4.2), and four types of decisions can be identified.

i. Mechanistic decisions: A mechanistic decision is one in which the decision maker is certain of the decision options and the consequence of each of the alternatives. A mechanistic decision is one that is routine and repeated. For example, if the manager needs to recruit a number of casual labourers to accomplish the job, the decision does not necessitate much data assimilation, and his expertise also provides him with some certainty about the outcome. Managers can use lists, charts, and decision trees to help them make a mechanical decision. They are, however, primarily dependent on habitual responses or clerical procedure.
ii. Analytical decisions: An analytical decision must be made when a big number of options can be formed due to a great amount of information accessible. However, the outcome of each choice must be computed. This area contains the majority of operations research and production problems. These challenges necessitate substantial information processing, yet there is a definite solution. Management science and operations research offers several computational tools for determining optimal solutions. Linear programming, network analysis, inventory reorder

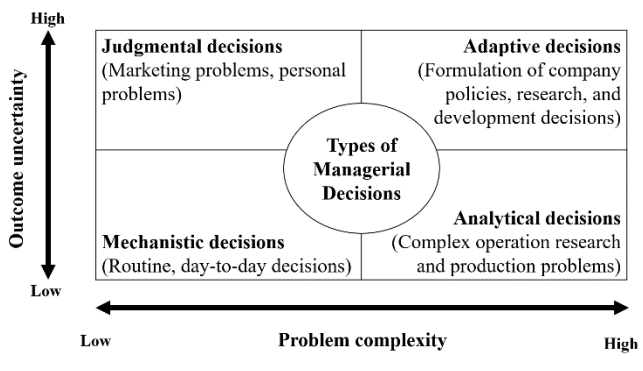

Fig: 4.2. Types of Managerial Decisions

model, queuing theory, and statistical analysis are examples of these techniques.

iii. Judgmental decisions: In the process of making a judgmental decision, a restricted number of solutions are accessible to solve the problem. The decision alternatives' outcomes are similarly unclear. This area includes a wide range of marketing, investment, and personal issues. There may be a limited number of possibilities accessible while making an investment decision, yet the effect of each option may not be calculable. Good judgment is required to improve the likelihood of desired results while decreasing the likelihood of undesirable consequences.

iv. Adaptive decisions: A huge number of alternatives are available in the case of adaptive decisions, and the outcome of each alternative is unknown. Because of the uncertainty of the decision's outcome, the decision maker is never able to form a definitive conclusion. Because of its complexity and unpredictability, this decision carries a significant level of risk. In such cases, it may be preferable to get together a group of people from various backgrounds to find a suitable answer. In such instances, decision and implementation techniques must be regularly modified to meet new technological and environmental advances.

4.7.4. Ethical Decision Making

A considerable proportion of managers describe unethical activities in commercial organizations, and a significant majority (65%) claim that they have at times sacrificed their personal ethical standards when making decisions for the corporation (Tsalikis and Fritzsche 1989). Some of the causes for such bad choices that raise ethical difficulties, according to Ferrell and Gardner (1991), are as follows:

- Self-interest triumphs over organizational interest.
- A lack of training in the field of ethics.
- Extenuating conditions that take precedence over ethical considerations.
- The potential advantages outweigh the potential penalties for unethical behaviour
- The organizational culture.
- Internal organizational pressure, etc.

An ethical dilemma is a situation in which a person must make a decision on a difficult and conflicting ethical problem. For example, when a manager has to take the decision of informing the client about the actual situation and lose the clientele or conceal the facts about the product which is not of an appropriate standard. To avoid these ethical quandaries, organizational

decision-makers must develop one agreed-upon set of ethical standards to guide their judgments when conflicting obligations, cost-benefit trade-offs, and rival value choices exist (Klein 1991/1992). The following are a series of questions that can be used to increase people's ethical sensitivity and moral awareness (Baker 1992):

- Does this decision conform to the social norm of how individuals should interact with one another?
- Do we have a regulation or policy in place for a situation like this?
- Would I expect everyone in a similar scenario to make the same decision?
- What are my genuine motivations for contemplating this action?

4.5.5. Ethical Principles

Ethical decisions are not developed on any specific norms or principles. Because ethical decisions are a result of personal choice, there will be differences in what motivates these choices. To ethically defend individual decisions, so far, a number of principles and norms have been presented (Bowie 2002). They are as follows:

- Self-serving Principles: The principles used to justify self-serving decisions include
    i. Might-equals-right principle: This occurs when a person in authority forces his choice on others without regard for socially acceptable behaviour but with the intent of ensuring that it is not illegal.
    ii. Hedonist Principle: This principle causes a person to make judgments that are in his best interests, even if they are not prohibited.
    iii. Organization’s-interest principle: A manager who follows this principle makes a judgment that is both in the best interests of the organization and is not illegal.
- Balancing-interest Principles: According to Weiss (2002), decisions taken to balance the interest of multiple individuals or groups are based on the following ethical principles:
    i. Means-end principle: The individual attempts to justify the ultimate result by weighing the overall good of the organization, even if the decision is slightly unethical but not unlawful.
    ii. Utilitarian principle: The manager attempts to assess the usefulness of the decision by evaluating its benefits against the harm it causes by assuring the decision's legality.

iii. Professional standard principles: It is said to follow professional standard principles if the manager can justify the action to his colleagues and peers as maintaining professional standards.

- Concern-for-others Principles Certain decisions must be made while bearing in mind the impact on those who will be affected as well as the general public. These principles include:
  i. Golden rule principle: Trying to understand how the other person would feel if a certain decision was made. It is necessary to ensure that the decision is not illegal.
  ii. Distributive justice principle: A manager strives to treat the other person or group fairly rather than arbitrarily, and to avoid doing anything wrong.
  iii. Disclosure principle: The individual tries to figure out how the wider public might react to the decision's outcomes but does nothing wrong.

Check your progress:

- ❖ What are the steps involved in the decision-making process?
- ❖ What are the four major types decisions taken in any organizations? What are the distinct features of each one of these decision types?
- ❖ What do you mean by ethical dilemma?
- ❖ What are the self-serving principles, balancing principles and concern for others principles of ethics?

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Unit 5 Ethical Foundation in Business

5.1. Western Teleological, Deontological and Modern Theories of Ethics

5.1.1. Western Teleological Theories

"Teleological" is derived from the Greek word "telos," which means "end" or "goal." As a result, teleological theories of ethics maintain that moral behaviour is focused on achieving a certain objective. Different teleological theories with distinct objectives have emerged. Due to its emphasis on the goals of rational behaviour rather than the methods, teleological ethics is sometimes used interchangeably with the phrase "consequentialist ethics." Ethical teleology, in any event, defines "good," "bad," "right," and "wrong" according to whether or not they achieve or maximize particular objectives.

Ancient Greek philosophies are the source of teleological theories in ethics. For example, Aristotle is credited with stating that eudaimonia, which is Greek for "happiness" or "flourishing," is the ultimate goal of moral behaviour. Since the aim of eudaemonist teleological theories is the well-being of the individual adhering to their principles, Aristotle's ethics theory is included in this group. According to Aristotle, cultivating virtues and admirable qualities such as courage, ambition, moderation, etc. is the key to achieving eudaimonia.

According to the teleological ethical theories, morality is based on the good or evil that results from our activities. This means that morality is based on the outcomes of our actions. The types of Teleological Ethical Theories are discussed in the following sections

a) Ethical Egoism: A teleological theory known as ethical egoism holds that a course of action is morally right provided it maximizes the individual's self-interest, even if doing so means harming other people. It is predicated on the idea that while advancing one's own interests is always moral, there are occasions when acting against one's own interests can also be right. This distinguishes ethical egoism from psychological egoism, which maintains that individuals are self-centred and self-motivated and that their actions are solely motivated by maximizing their own interests at the expense of others. This theory denies the existence of true altruism, which is the willingness to sacrifice one's own interests for the benefit of others.

b) Utilitarianism: According to the utilitarianism idea, a course of action is beneficial if it maximizes the satisfaction of a vast number of people who are likely to be impacted by it. A manager would be acting in a way that will enhance the happiness of all employees if he created an annual employee vacation schedule after asking each employee for their preferred vacation time and honouring those requests.

c) Eudaimonism: Another teleological theory called eudaimonism holds that a deed is

right if it leads to both the welfare of people and the accomplishment of objectives. Stated differently, an activity is considered beneficial if it tends to promote the accomplishment of goals that are essential to human nature and enjoyment. Let's say a manager upholds knowledge requirements and staff training at work, which are essential elements of happiness for people.
In short, a teleological theory of morality is one that holds that an action's morality is determined only by its effects.

5.1.2. Deontological Theories of Ethics

The deontological perspective holds that sometimes the proper course of conduct is not the one with the best outcomes because moral considerations prevent us from advocating the overall optimal course of action. The limitations that deontological theories highlight are well-known from our daily experiences with morality: one should honour one's obligations to others and maintain friendships; one should not cause needless suffering or neglect one's debts of appreciation, and so forth. While some deontological theorists perceive a single foundation for all of these responsibilities, others openly embrace pluralism

Types of Deontological Ethical Theories

a) Negative and Positive Rights Theories: According to the negative rights theory, a person's right to exercise their freedom is protected from harm or unjustified intervention by the state or other parties when they take certain actions. If someone is allowed to use, sell, or dispose of their personal vehicle, then others have a corresponding obligation to refrain from interfering with that person's choices. According to the positive rights theory, a deed is right if it gives or tends to give a person all they require in order to survive. Assuming that a person has the right to sufficient medical care in order to survive, which implies that other actors have a corresponding obligation to supply him with the required health care services

b) Social Contract Theories: According to conceptions of the social contract, individuals enter into agreements with one another to uphold their moral and legal responsibilities to the society in which they reside. This theory is predicated on the idea that in a society devoid of law and order, people will have unrestricted freedom—that is, the liberty to do anything—and will turn to crimes like rape, murder, looting, and so forth. There will therefore be an unending "war of all against all," and to get out of such a situation, individuals make agreements with one another to give up some of their liberties in exchange for the duty to respect and protect the rights of others. As a result, a person obtains the civil rights that make up the social benefits to which he is entitled to the degree that he carries out his required social obligations.

c) Social Justice Theories: According to social justice theories, an action is deemed just if

it validates equity in the distributive, retributive, and compensating aspects of expenses and benefits. The distributive component refers to how fairly group members see the allocation of social rewards and responsibilities. The compensating dimension deals with how people are paid for the harm they have suffered, whereas the retributive dimension addresses how appropriate punishment is given the severity of the crime. For instance, if second hand smoke damages nonsmokers or passive smokers at work, the health risk burden should be fairly distributed, and the offending party should face a commensurate penalty. In addition, the impacted parties will get compensation for the injuries they sustained.

In brief According to deontological ethical theories, deeds are morally correct regardless of their effects.

5.2. Ethics in manufacturing:

Whether it is through environmental preservation or improving the lives of their employees, businesses have a significant influence on the community in which they operate. This especially applies to producers. Although their presence is necessary for maintaining communities and supplying consumers and other businesses with necessities, they can have a significant negative influence on the environment. The difficulty facing manufacturers is how to advance their commercial procedures while maintaining an ethical standing. There are many different forms of ethical production, from cutting waste to training employees. This article delves into the subject of ethical manufacturing, explaining its definition, highlighting its significance, and outlining how companies may use it to change the world.

Ethical Manufacturing:

A comprehensive approach to the manufacturing process that prioritizes everyone's health is known as ethical manufacturing. This indicates that the item and the process of manufacturing it has a beneficial effect on communities and that the design, creation, and use of a product uphold sustainable standards. An ethical manufacturer is one that keeps an eye on every aspect of their company and their own supply chain, putting employee and consumer welfare first along with the environment in which they work, shop, and obtain resources.

Businesses that uphold ethics seek to act in the best interests of their employees. The well-being and contentment of employees take precedence over the minimum legal obligations. This implies that workers receive fair treatment and that safety is not compromised. This can therefore help a company by increasing productivity and employee retention. The usage of resources and energy also can be part of ethical manufacturing. This is crucial for many

manufacturing companies, like the ones from the apparel and fashion industry, as they struggle with waste management. The fashion sector generates an estimated 92 million tons of textile waste annually. Manufacturers of ethical apparel must make sure that their production methods reduce or eliminate waste by reusing materials or by designing their clothes in a certain way. It is possible to expand and adapt this procedure to other production sectors.

Significance of Ethical Manufacturing for Businesses

For the sake of the environment, customers, and employees, ethical production is crucial. However, corporations may also get major advantages from it. Manufacturers are securing their future by employing sustainable techniques and materials. To replace the trees consumed in their manufacturing, some toilet paper producers, for instance, plant new ones. This is a cyclical action because it minimizes their environmental effect and ensures that they will have resources in the future to continue manufacturing. Productivity is also probably going to increase for moral companies that offer a good workplace. Staff members' talents and work might be further developed by ethical businesses. Happy employees are 13% more productive than unhappy ones, according to Oxford University research. 93 percent of workers stated they would stay at a company longer if it invested in their career, so training staff could also help with retention. Businesses engaged in ethical manufacturing can benefit their workforce in addition to relying on material sustainability.

Attracting clients also requires ethical and sustainable manufacturing practices. Millennials need to be certain that a company's corporate objective is sincere and well-founded, as seen by the 92% of them who stated they were more likely to make a purchase from an ethical business. Ethical production offers definite financial advantages from a corporate standpoint. You can achieve higher quality, more productivity, and more income by coordinating your production, employee training, and customer outreach within an ethical manufacturing framework.

Ways to be an Ethical Manufacturer

As was mentioned, a company can be an ethical manufacturer in a number of ways. Your efforts extend beyond the goods you produce. Companies need to foster inclusive work cultures that support local communities and sustainable production. Within a business, this is accomplished at several levels. Items supplied from another nearby company or recycled products are examples of resources that are sourced sustainably. This lessens trash and the need for transportation, both of which may harm the environment.

In the workplace, employee happiness can be increased through development, training, and putting safety first. Investing in employees is essential to developing a positive workplace culture. This can be accomplished by learning about the goals of employees and figuring out

how to support and foster their growth through training programs. Investing in inclusive work cultures through ethical workwear providers will further enhance your reputation. During the industrial process, wearing appropriate working attire can help increase safety. When training and a positive company culture are combined, they can increase output and establish your company as a moral enterprise.

In conclusion, it is imperative that you publicly showcase your identity as an ethical manufacturer. Customers should be informed that your company operates with the greatest procedures and aims. You will reap the benefits of your investment in the community and environment since your customers will utilize and promote your brand in this way.

5.3. Workplace ethics:

The management of ethics in the workplace has enormous benefits for everyone, both moral and practical. This is especially true now, when it is important to recognize and manage highly different workplace values.

Workplace ethics are norms of conduct that have an impact on the establishment of an ethical culture in the workplace. They encourage communication among employees, allow respect to be offered to each individual inside the organization, and create customer interactions based on honesty and integrity, going beyond what is considered legal in the location where the business works. While there are some underlying aspects that tend to constitute a work-based code of ethics, the precise manifestations of these core ideals vary from one corporate context to the next.

It is critical to remember that the following element influences workplace ethics. Workplace policies must be in accordance with all current rules and regulations in the country in which the business operates. This helps to guarantee that basic ethics exclude any pressure or coercion to engage in illegal conduct, encourage workplace discrimination, support unfair hiring and firing practices, or allow pay to be set below the minimum legal criteria for the area.

Workplace ethics are impacted by corporate ethics in addition to laws and regulations. For example, ethical business practices might involve refraining from employing misleading marketing materials or campaigns. Workplace ethics would also entail building and operating support networks, such as employee wellness programs, to assist employees in remaining healthy and happy. This form of ethics would also include an intentional effort to build a working environment in which people want to come to work and be productive because they are proud of what they do for a living.

While most firms follow rules and regulations, not all see the need to build workplace ethics that validate the worth of employees and drive them to be productive on the job. When a corporation chooses to perform no more than what is required by local legislation, the possibilities of significant staff turnover are much higher. Furthermore, it is easy for cliques to form among select groups of employees, which may sometimes hinder productivity and cost the organization a significant amount of time and income generation.

Many business consultants are tasked with assisting customers in assessing the state of workplace ethics in their offices and manufacturing facilities, and then identifying strategies to expand and improve those ethics at all levels of the operation. Consultants are often able to identify problems that managers and business owners are unaware of since the problems evolved gradually over time. However, once the problems are discovered and remedied, the company will be strengthened and the employees will be much happy.

Importance of Workplace Ethics

Many professional actions entail ethical considerations. When we lie, we risk losing someone's trust and jeopardizing our own integrity. We can endanger the safety of others if we employ subpar materials or workmanship on the job. Moral and ethical issues can be found at all levels of society. Ethical behavior in the workplace is just as vital as it is in our personal lives. Wherever business is performed, ethics is a major concern. Employees, managers, executives, customers, suppliers, and even competitors must all trust each other for a business to succeed. Six ethical terms serve as the cornerstone of trust for ethical business practice:

- Ethics: Ethics is a set of standards that describe appropriate behaviour in society. Ethics serves as a guide to moral daily living and assists us in determining how our actions can be justified. The term ethics refers to society's perception of the proper way to live our daily lives. It accomplishes this by creating guidelines, principles, and ideals upon which we can base our actions. Truth, honesty, fairness, and equity are fundamental notions that are intimately related with ethics.
- Values: Values are described as the acts and customs that institutions and groups of people judge favourably. Value statements generally include terms like approval, disapproval, and obligation. Some of these terms may be excellent, bad, should, and should not be used. However, value judgments may or may not include specific value words.
- Morals: Morals are a set of laws or codes of conduct that serve as the foundation of society. Certain moral aspects, such as rules prohibiting killing and the basic duties of doing good and promoting the well-being of others, are universal.
- Integrity: Integrity is described as following a moral code when making daily decisions.

Integrity in people and enterprises indicates that they may be trusted. Companies who lack this characteristic and deceive clients with poor items or deceptive advertising, on the other hand, will suffer the consequences later on.

- Character: When no one is looking, our character drives what we do. Every individual has the potential to shape, change, or even destroy his or her own personality. Our character can be formed by the way we live—by thinking positive thoughts and acting positively. Similarly, negative ideas and actions can devastate our character. A person of good character has high morals and will act morally in all situations voluntarily, rather than by coercion. A person with character will keep his or her promises. Organizations have character as well. A corporation with good character is trustworthy and respected, behaves honestly, and keeps its promises.
- Laws: The law is a set of rules and regulations designed to convey people's needs. Laws protect people from the most egregious and heinous moral violations, such as murder, rape, and theft. Laws frequently, but not always, give us with a sense of right and wrong and regulate our behaviour. While murder is illegal, the law does not always prevent people from killing others out of hatred, fury, or to defend a personal philosophy. Laws are established as conceptions of justice, and they tend to be specific and hence differ from society to civilization. Laws are inextricably linked to morality, ethics, and values. However, not all laws are moral.

Ethical Challenges in the Workplace

It's common to believe that someone who obtains employment will act exclusively in the organization's best interests. However, workplace ethics involves a conflict between what people believe is good for them and what is appropriate for the workplace. We may have some insight into this conflict of interest, especially if the company does not have a formal policy in place for some of the more common offenses. According to an Ethics Resource Center poll, when firms prioritize ethics, such as during an economic downturn when competition for jobs is higher, there is a decrease in misconduct and an increase in reporting wrongdoing. Businesses might capitalize on current ethical quandaries to generate revenue.

- Fair Treatment: In an ideal world, everyone would want to be treated fairly. According to Walker Information Inc., there are less ethical infractions when individuals sense integrity in leadership. When it appears like managers are best friends with everyone except you, you'll begin to question performance reviews, discipline, compensation, and what it means to win. It doesn't help when employees start dating coworkers or hire family members, because seniority appears to be less about tenure and more about favouritism.
- Trust: Once you've had enough of feeling uneasy about who to trust, show them by

being a trustworthy person yourself. Begin by establishing a reputation for fulfilling deadlines and not wasting paid time. Then, resolve the conflict between personal integrity and workplace loyalty. When your boss asks you to lie to cover for him, you'll have to choose between telling the truth and appearing to be a "team player." Even if you're trying to close a deal with a difficult client, don't tell "white lies" to influence their judgments.

- Using Resources: If your income does not correspond to your sense of entitlement, you will be inclined to conduct personal business during office hours to justify it. Using company phone lines, Internet, printer, copy machine, and other resources for non-work purposes may appear legitimate at first; for example, taking a ream of paper home to print a presentation; however, if you don't use it all, you may be tempted to justify keeping it because you used your own printer's ink on the report. A good rule of thumb is to preserve work resources at work and avoid using them for personal duties or favours.
- Harassment: It is your right to feel protected at all times, whether you are a full-time or part-time employee. Harassment at work, including bullying, peer pressure, and unwanted sexual advances, is a manageable problem provided you're ready to hold your employer accountable. Discuss with your employer or the HR department formal and anonymous reporting routes for employees. According to a 2011 Ethics Resource Center survey, more than one in every five employees who reported misconduct suffered some sort of retribution. If you are afraid of losing your employment if you report a crime committed against you or another person, the behavior will most likely continue, leaving you ethically conflicted.
- Expenses: There's a good chance that you know when you're fudging an expense report. Even if your firm specifies which expenses are reimbursable and how they are tracked, you and your coworkers may hunt for a way to claim the doughnuts you bought while filling up the corporate car. The short-term loss is often felt in terms of earnings until the IRS audits your organization. Develop above-board standards by limiting what you claim to simply what you spend money on. If there is ever a profit, such as leftovers from a catered lunch, send the food home with someone else rather than eating it yourself and possibly over-ordering again the following time.

Ethical Principles in the Workplace

Employees make judgments based on their own values when there are no ethical rules to follow in the workplace. However, different ideals might cause conflict in the workplace. As a result, management requires ethical concepts in order to set standards for personnel. Regardless of individual convictions, ethical workplace standards establish common workplace values. This type of mutual understanding contributes to increased efficiency and productivity.

- Importance: Regardless of personal beliefs and cultural origins, employers should set the same standards for behaviour in the workplace by establishing ethical guidelines. The principles allow them to express themselves freely and without fear, fostering a sense of belonging in the workplace for all employees. Employers must state the company's aims vocally and in writing in order to adopt successful ethical principles in the workplace.
- Guidelines When an employee has a decision to make, workplace ethics may be called into question. In the workplace, a decision may entail justice, truth, or morals. It could be a legal issue, a professional or personal problem. Even if an employee believes he can make a decision because "no one will know," the decision may entail ethical standards. Employees who are unsure about ethical values in the workplace should be allowed to seek help from their managers.
- Consequences: When an employee notices another employee stealing from the stockroom, he or she chooses not to report it. A supervisor suspects that financial figures have changed since the start of a new employee but does not address the issue. Both are almost certainly violations of the company's ethical norms. As a result, it is the obligation of management to act ethically, or the workplace may suffer consequences. When a manager decides to disregard the issue, he is indirectly telling employees that they are not required to take workplace ethical values seriously. Some businesses will fire an employee for unethical behaviour in order to establish workplace norms for ethical ideals.
- Evaluation: Managers can meet with employees one-on-one and grade them on their ethical behaviour to examine how the workplace responds to the company's ethical standards. Even management can request that staff complete ethical checklists once a month to assess how well they are following ethical norms. At the same time, this level of concentration demonstrates to employees that the organization is committed to ethical workplace practices.

Outcomes of Workplace Ethics

- Diversity: Affirmative action policies contribute to a more diversified workplace. Diversity, in turn, provides businesses with two key benefits: first, it increases adaptability in problem solving by providing a wider range of possible solutions; and second, companies that embrace a multi-cultural employee roster are better positioned to serve multi-cultural communities by overcoming language and cultural barriers.
- Increased Opportunities: A company can broaden its prospects to include government contracts by maintaining affirmative action recruiting rules. President Lyndon B. Johnson issued an Executive Order requiring businesses receiving federal contracts to create and maintain affirmative action plans. The availability of government contracts varies by

administration and federal budget, but such contracts can be a rich windfall for the businesses who secure them.

- Moral Commitment: Adopting affirmative action can help firms make a moral commitment to the principle of justice or equitable treatment for all. The benefit of adopting a moral attitude in the job is only indirect. It can help to attract individuals who believe in the notion of justice, fostering a more accepting work atmosphere. It can also reassure employees from historically underrepresented groups that they will be given full consideration for any open positions.
- Reverse Discrimination: One significant downside of affirmative action in the workplace is the reality or appearance of reverse discrimination. In summary, individuals who oppose affirmative action programs argue that the policies penalize those from the historically dominant group even when they have the necessary qualifications for a certain job. While reverse discrimination is extremely unusual in practice, a claim of reverse discrimination can result in a severe societal response for a corporation, jeopardizing its financial future. This type of charge may also undermine minority and female employees' confidence in their abilities.
- Stigmatisation: Affirmative action policies have the potential to generate a perception that minorities and women are hired in a corporation based on their gender, race, or ethnicity rather than their achievements and credentials. This stigma might lead to employers questioning the competence of minority and female employees to accomplish their jobs. The stigma may also cause minority and female employees to wonder why an employer opted to hire them.

5.4. Marketing ethics:

Marketing Ethics and Ethical Marketing

Marketing ethics is about being truthful, fair, and polite when marketing products or services. It entails avoiding deceiving or misleading people into purchasing anything and treating them with dignity and respect. Unethical marketing not only affects customers and society in the long term, but it also tarnishes a company's brand and jeopardizes its survival. Marketing ethics is the set of ideas and values that influence marketers' behaviour, emphasizing honesty, responsibility, fairness, and respect for consumers and society. Marketing ethics serve as moral principles and values that should be followed during marketing communication. They are the guidelines that let companies decide about their new marketing strategies. But also keep in mind that it depends on one’s judgment of ‘right’ and ‘wrong.’ Any unethical behaviour is not

necessarily unlawful. For example, if a company makes any claims about its products and cannot live up to those claims, it may be called unethical behaviour.

Marketing ethics promotes honesty and fairness in all ads. Any deceptive promises made to clients, invading consumers' privacy, stereotyping, and targeting vulnerable groups (such as children and the elderly) are considered unethical. Even attempting to harm a competitor's reputation is deemed immoral. Marketing ethics is the practice of applying ethical ideas and ideals to a company's marketing efforts. This marketing strategy stresses customer, societal, and environmental well-being while increasing firm revenues. Ethical marketing strives to strike a balance between profit and social responsibility, establishing a foundation of trust and loyalty between the company and its audience. This essay will look at the essence of ethical marketing, why it matters, and how to use it in your organization.

While marketing ethics refers to the concepts and values that influence marketers' actions, ethical marketing is concerned with promotional ethical marketing strategies. Fair pricing and promotions that do not exaggerate the benefits of the offered product are examples of ethical marketing. Sharing client information without agreement, making false promises about the product, or targeting emotionally susceptible customers are all examples of unethical marketing techniques.

Honesty, justice, and social responsibility are the foundations of ethical marketing. It is a comprehensive approach to business that seeks to earn profits while also benefiting society and the environment. Ethical marketing techniques guarantee that marketing efforts are consistent with the target audience's values and beliefs. Businesses can encourage consumer trust, increase brand reputation, and contribute positively to society and the environment by implementing ethical marketing tactics.

On its website, a company that makes organic, environmentally friendly cleaning solutions boasts that all of its chemicals are natural and non-toxic, and that the packaging is biodegradable. Because the corporation offers consumers with accurate information, this is an example of ethical marketing.

It should be noted that the distinction between ethical and unethical marketing is not always clear. Some marketing communications may appear to be very relevant to a specific target demographic but may offend others. Furthermore, not all unscrupulous marketing methods are unlawful. Maintaining ethics is more dependent on the social consciousness of the firm than on state norms and regulations.

Role of Ethics in Marketing

Ethical marketing refers to a marketer's obligation to ensuring that all marketing actions, both

internally and externally, adhere to basic ethics standards such as integrity, humility, and honesty. With time, our economic system has evolved capable of meeting the public's wants and needs. This has shifted the market's major focus toward ethical principles while meeting the needs of customers. This is primarily due to two factors: When an organization acts ethically, the public has a more powerful positive view about various services and items. However, in order for their efforts to be recognized by the broader public, they must adhere to certain marketing criteria.

Furthermore, ethical agencies and organizations are able to put pressure on and hold organizations and businesses accountable for their conduct. As a result, there is a lot of investigation and sets of criteria that must be rigorously followed. Marketing ethics is critical in making ethical decisions for a product's or service's optimum presence in its target niche. An ethical marketing strategy is responsible for paying attention to several elements such as-

- Organizational aspects such as culture, norms, values, and opportunity
- Individual factors such as righteous philosophies and values
- Stakeholder interests and concerns
- The intensity of ethical issues in marketing and organization setup
- Ethical decision making
- Evaluation of ethical outcome

For example, suppose your marketing team hires a design firm for a new marketing campaign. However, halfway through the campaign, your team discovers that the agency does not treat its employees legally and does not share your principles in terms of environmental and social responsibility. It's in your best interest to terminate your relationship with the agency as soon as possible and re-align with agents who adhere to the same standards you've set for your team internally. Of course, the public-facing aspect of ethical marketing is also vital. Furthermore, ethical marketing entails treating employees fairly, using sustainable materials, and contributing to environmental or social concerns that are important to your business.

Importance of Ethics in Marketing

Ethical marketing is critical to an organization's long-term growth and development. The comprehensive set of principles and norms results in a purely good, well-organized roadmap for everyone to follow. Because they are so intimately related to definition and functioning, they sometimes overlap with media ethics. Here are some of the reasons why ethical marketing is essential in the life of a business.

i. Customer Loyalty: It is one of the most important aspects of ethical marketing. With the right application of ethics in business and operation, the company may acquire the loyalty,

trust, and confidence of its customers, which will benefit them in the long run. The innate human desire to pursue the authentic brand will undoubtedly yield good results, both now and in the future.

ii. Long-term gains: The basis of the corporation or organization is built not only on its ability to endure the present but also on its ability to plan for the future. Brands can engage prospects with high trust, customer loyalty, large market share, greater brand value, better sales, and higher revenue by using acceptable marketing ethics. These ethical behaviours will help them achieve both short-term and long-term objectives.

iii. Improved credibility: When a company intends to keep its obligations regarding its services and products on a continuous and consistent basis, it gradually and steadily moves along the path of transforming itself into an authentic and real brand in the market and in the thoughts of its customers. It is not confined to these two, and a good process can earn respect from investors, peers, competitors, stakeholders, and so on.

iv. Advanced Leadership qualities: When a corporation pursues ethical practices over time, it eventually establishes itself as a leader capable of benchmarking its policies and strategies that surround its structure and operation. This eventually leads to multiple benefits such as increased market share, increased sales, inspiration for others, respect, reciprocal benefits, and so on.

v. Display of a rich culture: This structure provides a nice aspect from the outside, but it also contributes to a healthy interior structure and environment. It leads to increased output as a result of a confident and highly motivated workforce.

vi. The attraction of the right talent at the right place: Once the company has established brand value in the market, it serves as a lighthouse for significant members of the association.

vii. A wide range of people, including prospective workers, consultants, and vendors, look forward to associating and working with ethical companies that motivate them exponentially. This enabled them to successfully attain their aims in a short period of time.

viii. The satisfaction of basic human wants and needs: Once a firm has reached the right marketing ethics, it addresses its clients' basic needs and desires with integrity, trust, and honesty. When this is presented over an extended period of time, several more advantages accrue.

ix. Enhancement of brand value in the market: When an organization follows a proper ethical marketing code, the public, in the shape of consumers, competitors, stakeholders, and so on, looks up to such organizations. They chase such brands with zeal, offering a substantial push to distinguish the market.

Four Principles of Ethical Marketing

i. Fairness: Making fairness a decision-making principle requires businesses to commit to fair prices, higher wages, and long-term development.

ii. Honesty: Honesty is a cornerstone of ethical behavior. Honest businesses utilize marketing communications to deliver accurate and unexaggerated information about the functionality and impact of their products and services; they advertise without intentionally misleading customers.

iii. Responsibility: Businesses can emphasize their responsibility in a variety of ways, including as providing a dependable product or service, supporting social causes, giving back to communities, treating their employees with dignity, or protecting the environment through sustainable methods.

iv. Transparency: In business, transparency implies being transparent to the public about your company's activities, notably how you treat employees ethically and the long-term and environmental impact of your products or services.

5.5. Financial ethics:

Financial ethics refers to the concepts and values that drive individuals and organizations while making financial decisions. Ethics are important in finance because they ensure that financial decisions are made fairly, transparently, and with integrity. In this post, we will look at the significance of financial ethics in today's business environment, as well as how to properly implement them. The importance of financial ethics cannot be emphasized, especially in today's fast-paced and dynamic commercial world. Organizations' ethical policies determine their reputation, and reputation is an important aspect in acquiring and retaining consumers. A good reputation leads to improved revenue and profitability for businesses. Companies must also consider the social and environmental implications of their actions when making financial decisions.

Introducing financial ethics into a company entail cultivating a culture that values integrity, openness, and accountability. All stakeholders, including employees, shareholders, and customers, must be effectively communicated policies, processes, and guidelines. Employees can benefit from training and education programs that teach them the value of ethical behaviour and how to implement it in their daily job.

Companies must develop internal controls and monitoring methods to ensure that financial ethics are effectively enforced. These methods include frequent audits, risk evaluations, and

continual financial transaction monitoring. This aids in the prevention of fraud, corruption, and other unethical actions that can undermine the company's reputation.

Importance of Ethics in Finance

i. It provides a moral code of standard. A few of the obstacles in the financial market are improper use of resources and authority, incomplete information, etc. In such circumstances, as well as those involving third-party links, the industry urgently needs a proper code to be followed. From investing to trading to stock to the economic activities of the business or financial system, all transactions adhere to an ethical code.

ii. Finance ethics channelizes trust in business/corporate interactions. The financial industry's major goal is to have direct dealings with the industry. These have a direct connection to their clients in the form of product or service delivery, where they want to gain their trust. Regardless of the primary goal of remaining competitive in the sector, they must do so ethically. In addition to such methods, being ethically correct will provide firms with long-term benefits.

iii. Ethics makes business/corporate behaviour and activities more harmonious. Many people are expected to be a part of an organization in the financial industry. Because these must collaborate at different levels and toward a common goal, there must be a set of ethical standards and guidelines that must be observed. This will also aid in proper management and increased employee productivity.

Significance of Financial Transparency and Accountability

In the corporate world, openness and responsibility are required for trust and certainty. Stakeholders benefit from increased transparency and accountability, which fosters trust and confidence. Transparency entails giving stakeholders accurate information about a company's financial status, operations, performance outcomes, and future goals. Accountability necessitates that businesses exhibit accountability by adhering to applicable laws and regulations while also considering stakeholder interests when making choices.

Increased transparency enables stakeholders to make more informed decisions about their investments or involvement with a specific organization. It enables them to evaluate the risks associated with investing in or partnering with a company before committing resources or finances. Stakeholders can also acquire a thorough understanding of an organization's financial activities by reviewing detailed financial statements, which allow them to assess revenue generated and expenses incurred over time. This level of understanding aids in the development of trust among stakeholders who may be hesitant to invest in particular firms due to previous scandals or poor management practices.

Organizational leaders must accept responsibility for any mistakes made rather than passing blame to others, establishing an environment in which everyone may speak up without fear of retribution. This promotes collaboration and innovation across departments, which benefits all parties involved. Companies must ensure that their financial reporting is transparent and responsible in order to foster trust among stakeholders.

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Adherence to GAAP and IFRS, as well as the implementation of specific disclosure rules, is required to provide openness inside business entities. These restrictions necessitate additional information beyond what is often included in the basic set of financial statement line items, such as debt instruments outstanding, commitments and contingencies, equity transactions, lease obligations and arrangements, and acquisitions and divestitures. Furthermore, some countries have enacted laws requiring specific disclosures about environmental issues or executive compensation packages, which help build public trust by providing additional insight into how management is running the organization from both an operational and strategic standpoint, while also providing regulators with more resources needed to monitor activities occurring within publicly traded corporations.

Financial reporting transparency is critical for presenting stakeholders with an accurate view of a company's performance and operations. When considering how to ensure clarity and dependability in corporate disclosures, it is vital to understand the relationship between financial reporting rules and responsibilities.

To sum up, sound financial practices are crucial to profitable company operations. Organizations that value ethical behaviour are more likely to attract and keep customers, as well as have a positive impact on society and the environment. Companies must foster a culture of integrity, openness, and accountability, as well as install internal controls, to ensure that financial ethics are effectively enforced. Organizations can protect their reputation and achieve long-term success in this manner.

5.6. Organizational ethics for abuse of official position, bribes, gifts, entertainment, whistle blowing.

Abuse of Authority in Workplace

Abuse of power, often known as power harassment, is the use of authority to pursue personal goals that harm the firm and its employees. It is a type of workplace bullying that is perpetrated

by a superior. Misuse of authority is widespread in places where people in positions of power are unsupervised. Schools, hospitals, universities, and private groups are the most vulnerable to power harassment. A simple definition of power harassment is any type of action in which a superior uses his or her position in the workplace to create physical or emotional distress to coworkers. This can be due to dominance due to relative job position, physical size, or other factors. Power harassment also encompasses a supervisor's behaviours toward a subordinate, interactions between equal colleagues, and even a subordinate's conduct toward a supervisor, especially if it is related to physical size.

Characteristic features of abuse of power and official position are when senior officials:

- Deliberately use their competence, official authority, and prestige of the government body in which they work;
- have a self-serving motive, other personal interest, or the interest of third parties;
- harm the rights, freedoms of individuals, or national interests;
- use necessary official connections with other people that arise due to the position held;
- influence professional activities of other people;
- receive financial, property, or other remuneration.

Harmful effects of abuse of power in the workplace are as follows:

- Stressed employees.
- Harassment claims.
- High work pressure.
- Lack of manager trust in the organization.
- High employee turnover.
- High workplace absenteeism.
- Low employee productivity.

Examples of power harassment

- Reminding an employee on a regular basis that they can be fired or replaced.
- Defaming an employee in front of his coworkers.
- Forcing an employee to work extra several times per week without pay.
- When the boss is in a bad mood, he or she mistreats the employees.
- Condescending responses to employee inquiries.
- Employees are constantly blamed for their own shortcomings.
- Withholding essential information from an employee who requires it.
- Putting one's own interests ahead of the organization.

Ways to prevent the abuse of power in the workplace:

Because the employer is automatically liable for supervisory harassment that results in a negative employment action (such as termination, failure to promote or hire, and wage loss), it is critical that every complaint be investigated promptly and steps to end the harassment be taken as soon as possible.

The following steps should be done to prevent power harassment in the workplace:

- Make it clear that power harassment will not be accepted in the workplace.
- Create suitable employment standards and procedures, and make certain that all employees are aware of and understand them.
- Provide instruction on how to avoid and cope with power harassment.
- Provide offenders with instruction to help them avoid repeat offenses.

Bribes and Kickbacks

Bribery is intended to allow someone to violate their duty. Bribes can be extremely dangerous when they cause bodily harm. Kickbacks are another type of bribery in which a person exploits his or her position to benefit a party or someone. Bribing foreign officials for favors could endanger people's lives. Bribery, on the other hand, occurs frequently in both large and small enterprises.

Gifts and Entertainment

Gifts and entertainment can be used to reward and encourage certain employee behaviors. This may lead to a conflict of interest. When employed in accordance with ethical norms, entertainment is less likely to be ethically incorrect. The following factors should be addressed when assessing the ethics of gifting:

- The Price of the Gift: Expensive gifts are more likely to be a bribe.
- The Gift's Purpose: A gift might be used to promote, advertise, or as a bribe.
- The Situation: A gift given on a special occasion differs from a gift given on a non-special occasion, and a gift offered openly is more ethical.
- The Position of the Recipient of the Gift: A person in a position to reciprocate is more inclined to accept a bribe.
- The Accepted Practices: While gifts as "tips" for a waiter or waitress are common, they are certainly improper for a CEO.
- The Company's Policy: Some companies may have tighter gift-giving policies than others.
- The Law: Usually, illegal gifts are not accepted.

Whistle Blowing

Whistle blowing is a process of disclosing the illegal, immoral, unethical, and illegitimate practices of their employees to people inside or outside the organization. It happens because whistle blower himself feels powerless to change such practices and, therefore, appeals outside the organization.

Possible Risks Faced by the Whistle Blower

The whistle blower in an organization is not free from hassles. He or she is likely to face certain risks. A few of these are:

1. Whistle blower is likely to be ostracized by other employees in the organization.
2. He/she may be isolated or threatened by the management.
3. His/her whistle blowing may follow dismissal, demotion, or relocation to a less favourable place. Whistle Blowing: Whistle blowing is a process of disclosing the illegal, immoral, unethical, and illegitimate practices of their employees to people inside or outside the organization. Whistle Blowing: Whistle blowing is a process of disclosing the illegal, immoral, unethical, and illegitimate practices of their employees to people inside or outside the organization.
4. He/she may be forced to resign from his job or change the statement.
5. Sometimes the whistle blower may himself be at fault thereby jeopardizing his/her as well as the organization's reputation for a very long time.

Organizations have to make attempts to promote ethical behaviours in their culture. They need to:

i. Choose the value system that governs the values of both employees and management to create the culture of the organization.
ii. Be fair in deciding on the reward structure and promotional policies of the organization.
iii. Be realistic.
iv. Do not promise something that cannot be delivered to the customer.
v. Promote a strong culture where members do not get swayed by immoral attractions.
vi. Focus on imparting ethical training to the members of the organization so that they are familiar with the ethical procedural guidelines (Pruzan 2007).

Finally, it can be concluded that an organizational culture that promotes ethical behaviour is not only compatible with prevailing cultural values of its country but also makes good businesses.

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