

## **A Note on Business Ethics in Indian Contexts**

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### **Abstract**

This article presents some aspects of business ethics in Indian contexts. Presenting a brief descriptive definition of business ethics, the article focuses on personal and professional ethics, business and profit making, business ethics and business policies, financial dealings, unethical practices, and politics and business ethics in Indian contexts.

**Keywords:** business ethics, Indian contexts, profit making, business policies, politics, unethical practices.

### **Ethics - An Integral Part of Every Human Society**

Societies with long history often have literature on the need to follow ethics in day to day life/living of the individuals, families, etc. Religious texts include discussion and modes of practice of ethics. For example, Tamil, which is used in day to day life with an uninterrupted history of thousands of years, has a long list of literary works dealing with ethics. Communities which do not have any writing system, or which have acquired/developed writing system in recent decades, are usually called pre-literate communities. They also have their own ethics and moral codes, etc. often through folktales, folksongs, etc. In other words, there is no human society which does not have, or which does not follow ethics of their own.

### **Dictionary Definition**

Dictionary definition for the word *ethic* is as follows:

1. The body of moral principles or values governing or distinctive of a particular culture or group: the Christian ethic; the tribal ethic of the Zuni.
2. A complex of moral precepts held, or rules of conduct followed by an individual: a personal ethic. <https://www.dictionary.com/browse/ethic?s=t>

### **Major Textbooks on Business Ethics**

There are several textbooks which deal with business ethics from globalization, modern economy and capitalist economy as well as socialist market economy (capitalist economy practiced in China). Take for example, *Business Ethics: Best Practices for Designing and Managing Ethical Organizations*, by Professor Denis Collins. The book is introduced to us stating

that the book “focuses on how to create organizations of high integrity and superior performance. Author Denis Collins shows how to design organizations that reinforce ethical behavior and reduce ethical risks using his unique Optimal Ethics Systems Model that outlines how to hire and train ethical employees, make ethical decisions, and create a trusting, productive work environment. Taking a practical approach, this text is packed with tips, strategies, and real-world case studies that profile a wide variety of businesses, industries, and issues.” Professor Collins states in his preface, “All organizations can be of high integrity. But doing so requires planning and effort because of competing pressures and human fallacies.” A succinct summary of challenge faced in framing and following business ethics.

### **Personal vs. Professional Ethics**

“Personal ethics refers to the ethics that a person identifies with in respect to people and situations that they deal with in everyday life.

“Professional ethics refers to the ethics that a person must adhere to in respect of their interactions and business dealings in their professional life.” <https://www.iaa.govt.nz/for-advisers/adviser-tools/ethics-toolkit/the-difference-between-personal-and-professional-ethics/>

### **Business and Profit Making**

When it comes to business activities and business administration, profit making plays an important role. In free economy conditions, profit making is not a crime, but processes that are used to make profit could be defined ethical or unethical. While supply and demand are important part of any business activity and an important function of the administration that leads, governs and guides such activity, social consciousness has an impact on such decision making processes.

### **Business Ethics and Business Policies**

Business ethics involves implementation of business policies. Presently such policies are publicly stated and are publicly available. When a company fails to follow its own publicly announced policies, the company is accused of being unethical. However, companies may also come forward to justify why they are/were not able to follow their own publicly stated policies.

### **Financial Dealings**

Financial dealings often come under ethical overview. Several leading industrialists and businesspersons in India are/were accused of unethical practices which led to the collapse of companies. One of the earliest accusations in Indian corporate history is against Haridas Mundhra who managed to influence Life Insurance Corporation of India to invest large amounts in his companies, which were collapsing. LIC’s investment committee was not consulted. This happened in 1957. (<https://thelogicalindian.com/news/independent-indias-first-big-financial-scam-mundhra-scandal/?infinite-scroll=1>)

Life Insurance Corporation of India also came into being because of accusations and investigation against fraudulent practices of private insurance companies. 245 private insurance companies, both Indian and foreign, were nationalized to form Life Insurance Corporation of India in 1956 ([https://en.wikipedia.org/wiki/Life\\_Insurance\\_Corporation](https://en.wikipedia.org/wiki/Life_Insurance_Corporation)). Unethical practices could be the same as the criminal practices.

### **“Unethical Practices”**

In recent decades, “unethical practices” pursued in Government transactions relating to purchase of equipment, airplanes, military ware, etc., were/are being heatedly discussed in newspapers, TV news, in the Parliament and State legislatures. Rafale fighter jet purchase controversy was raised recently (<https://economictimes.indiatimes.com/news/defence/all-you-need-to-know-about-the-rafale-deal-controversy/probe-dismissed-raga-cleared/slideshow/72051095.cms>, “Everything you need to know about the Rafale deal controversy”). In such controversies, ethical questions are used for political discussions and advantages and disadvantages. One may be tempted to ask whether such efforts themselves come under ethical question!

### **Personal Ethics - Individual Belief and Morality**

Individual’s belief in and vision of morality, right and wrong may be considered as constituting personal ethics. While there may be some common elements of morality, right and wrong in the belief among individuals, there may also be qualitative differences. Often religious values may guide individual morality and the notions of right and wrong. At the same time, individuals may also get out of their own religious specific values and go in for more universally accepted values. Corporate ethics is often based on modern universally accepted values.

### **Corporate Ethics**

Corporate ethics could be both specific and written as well as general and non-written codes. Every shop owner has his or her ethics and he or she tries to follow the same consciously and/or unconsciously in their day-to-day business operations. Get into any store in a Mall. You will notice the system in operation in that store. Negotiations, bargains, conversations, description of the product offered for purchase, and so many other items come into display in any single business step. All these are an integral part of the ethics of that store.

Established stores with long history of business transactions have written codes of conduct for both the workers and the customers. All these form part of the ethics of the business owner and what ethics is expected from their customers.

### **Business Regulations**

Business regulations enacted by the legislatures will usually be part of the ethics. Social ethics is emphasized by such regulations -- such as cleanliness, treatment of the disabled, avoidance of caste discrimination, religion and gender discriminations, etc.

### **Ethics, Crime and Punishment**

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Ethics, Crime and Punishment are closely interrelated. However, implementation of rules and regulations, which certainly form part of the preservation of ethics in business, somehow may or may not link these three together. For example, more often than not, we come across cases where individual scholars have paid huge sums to the decision makers to get a suitable post in the government-run institutions, such as universities. Giving and taking “bribe” to get a job is almost taken for granted, even though individuals and communities may strongly argue in favor of ethics. In other words, there may be many social, historical and current socioeconomic contexts which come to define the notion of ethics in day to day life and in business.

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