



ROLE OF ETHICS AND MORAL EDUCATION: AN OVERVIEW

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**Abstract.** Individuals will accept external moral authority when it is independently filtered. The problem is that most public service leaders do not follow a consistent approach to ethical decision making and accomplishing ethical behavior in the bureaucratic organizations they lead. While formal codes of ethics offer some standards of conduct and guidelines for ethical decision-making, a more effective approach is to mesh code enforcement with a normative approach to establishing an ethical climate. Public Administrative style, methods, hierarchy and training are closely interrelated with ethics. Training alone is not enough. However, serious, sustainable improvements of the public service without adequate education and training seem to be impossible. Evaluation of training policies in every country in the region appears to be necessary. Public servants must understand what is acceptable behavior, and, in the end, when the risk of detection and punishment outweighs the gains. Modern people who have embraced scientific development as truth do not judge goodness according to the will of God. They ask their own insight for advice and often end up in conflict because insights differ. If we concentrate on the basis of the conflict, we discover common ground that is often hidden or misconstrued..

**Keywords:** agricultural land, geographical location, domestic market, external market, investment, labor resources.

INTRODUCTION

In concept, business ethics is the applied ethics discipline that addresses the moral features of commercial activity. In practice, however, a dizzying array of projects is pursued under its rubric. Programs of legal compliance, empirical studies into the moral beliefs and attitudes of business people, a panoply of best-practices claims (in the name of their moral merit or their contribution to business success), arguments for (or against) mandatory worker participation in management, and attempts at applying traditional ethical theories, theories of justice, or theories of the state to firms or to the functional areas of business are all advanced as contributions to business ethics—even and especially in its academic literature. These projects vary considerably and often seem to have little in common other than the conviction, held by those who pursue them, that whatever each is pursuing is business ethics.

This entry focuses generally on academic business ethics, more particularly on the philosophically-informed part of business ethics, and most particularly on the constellation of philosophically-relevant questions that inform the main conversation and ongoing disagreement among academic business ethicists. It covers: (1) the history of business ethics as an academic endeavor; (2) the focus on the corporation in academic business ethics; (3) the treatment of the employment relation in academic business ethics; (4) the treatment of transnational issues in academic business ethics; and (5) criticism of the focus and implicit methodology of academic business ethics.



Although academic instruction explicitly devoted to the relationship between ethics and commerce can be found in U.S. business schools as early as the first three decades of the 20th century, particularly in Catholic colleges and universities, creation of academic positions dedicated explicitly to business ethics in U.S. business schools tracks closely waves of corporate scandal from the 1980s to the present. In 1987, in the midst of the insider trading scandal on Wall Street, former Securities and Exchange Commission head John Shad gave the Harvard Business School over \$30 million for the purpose of starting a business ethics program there. Subsequent philanthropy from a number of sources financed the creation of prominent endowed chairs at the University of Virginia's Darden School, the University of Pennsylvania's Wharton School, and other business schools. Today, academic positions in business ethics, whether endowed chairs or ordinary faculty positions, are found frequently in

U.S. business schools and in philosophy departments, as well.

#### **ETHICS AND BUSINESS: THEIR INTER RELATIONSHIP**

What constitutes business varies from society to society. To relieve a business of likely specific problems, the business is to be decided by the people of the society and not by business or those who run the business. The basic problem is that the ethical course of action is not always clear to company's managers. Business ethics is a study of moral standards as they apply to business policies, behaviour and institutions, and to the people who work within these organizations. Its function is not only to analyze moral norms and values, but also to attempt application of this analysis to business.

Business ethics partly aims to analyse the presuppositions both moral presuppositions and the presuppositions from a moral point of view of business. Since business operates within an economic system, part of the proper task of business ethics is to raise questions about economic systems in general and about the morality of a country's economic system in particular. This, in turn, raises questions about the appropriateness of using moral language to evaluate these systems.

**WHAT BUSINESS ETHICS CAN DO AND CANNOT DO:** Business ethics can help people approach moral problems in business more systematically and with better tools than they might otherwise approach them. It can help them to see issues they might normally ignore. It can also drive them to make changes that they might otherwise not be moved to make. However, business ethics does not by itself make anyone moral. Business ethics presupposes that those who study it are moral beings, and they wish to be even better, more thoughtful, and more informed moral beings. Business ethics does not change business practices unless those engaged in the practices that require moral change wish to change them. Business ethics can produce arguments to show that a practice is immoral, but obviously only those in a position to implement the change can be able to bring them about.

**MORAL REASONING IN BUSINESS:** The pertinent questions that arise are: Is morality simply a matter of individual choice? Is it culturally determined? Is the claim that there is a universal morality applicable to all people and at all times, defensible? Certainly, some business practices are held to be moral and proper and others improper. But the question to be asked is: Whether these



conventional norms should be held, whether some of them may infact be improper? At times, conventional morality is challengeable and is attacked. A moral law at times needs to be violated.

ARGUMENTS FOR AND AGAINST BUSINESS ETHICS

There may be objections toward application of moral standards to business. Let us see what some of these objections are and what can be said against or in favour of applying moral standards to business.

OBJECTIONS TO BRINGING ETHICS TO BUSINESS

The objection is that in perfectly competitive free market, the behaviour of people in business organizations should not be subjected to moral standards. On this view, the people in business should single mindedly pursue the financial interests of their firm without diverting their energies or their firm"s resources into "doing good works". In support of this view there may be advanced three different arguments as also put by Velasquez (De George, 2002).

These are as mentioned below.

FIRST OBJECTION-ARGUMENT: The pursuit of business being profit, the society will benefit most if managers do not impose their own values on a business and devote themselves to produce „efficiently“ what the society wants (or values). Arguments of this sort conceal a number of such questionable assumptions that require quite lengthier discussion. However, briefly,first assumption is that contrary to a point in the argument advanced, most industrial markets are „not“ “perfectly competitive”, and as such, therefore, to the extent that firms do not have to compete they can maximize profits “despite inefficient production”. Second, it is a wrong presumption of the argument that „any“ steps taken to increase profits will “necessarily” be socially beneficial. In fact, several ways of increasing profits actually cause injury to society: allowing bribery, fraud, tax evasion, deceptive advertising, harmful production to go Psychology uncontrolled concealing product hazards. Third, the argument assumes that by producing whatever the buying public wants (or values) firms are fulfilling the want of „the whole“ of the society. Infact, the wants of large segments of society (the poor and disadvantaged) are not necessarily met because they cannot participate fully in the market place. Fourth, the objection-argument is essentially making a normative statement (“managers should devote themselves to the single-minded pursuit of profits”) on the basis of unproved moral standards (“people should do whatever will benefit those who participate in markets”). Thus, although the argument tries to „show“ that ethics does not matter, it can do this only by assuming an „unproved“ moral standard that at least appears mistaken.

Second objection-argument for bringing ethics into business is that business manager (as loyal agent of his employer) should single mindedly pursue the interests of his firm and should ignore ethical considerations.



The argument can be, and often has been, used to justify a manager's unethical or illegal conduct. The loyal agent's (manager's) argument relies on several questionable and mistaken assumptions. First, the argument tries to show that ethics does not matter by assuming an unproved moral standard ("the manager should save his employer in whatever way the employer wants to be served"). But there is no reason to assume that this moral standard is acceptable as it stands; it would be acceptable only if it were suitably qualified (e.g., "the manager should save his employer in whatever moral way the employer wants to be served"). Second, the loyal agent's argument assumes that there are no limits to the manager's duties to serve the employer, when in fact such limits are an express part of the legal and social institutions from which these duties arise. An agent's duties are defined by the law of agency (i.e., the law that specifies the duties of persons (agents) who agree to act on behalf of another party and who are authorized by the agreement so to act). Lawyers, managers, engineers, stock brokers, and so on all act as agents for their employers in this sense. By freely entering into an agreement to act as someone's agent then, a person accepts a legal (and moral) duty to serve the client loyally, obediently, and in a confidential manner as specified in the law of agency (Blumbey, 1973a).

The manager's duties to serve his employer, then, are limited by the constraints of morality, because it is with this understanding that his duties as a loyal agent are defined. Third, the loyal agent's argument assumes that if a manager agrees to serve a firm, this agreement automatically justifies whatever the manager does on behalf of the firm. However, this assumption is false:

Agreement to serve other people does not automatically justify doing wrong on their behalf. For example, it is wrong for someone to kill an innocent person to serve or advance one's own interests.

Agreements do not change the moral character of wrongful acts. If it is morally wrong for a manager to do something out of self-interest, then it is also morally wrong for him to do it in the interests of his company even though he has agreed to serve the company. The assumptions of the loyal agent's (manager's) argument, then, are mistaken.

### **THIRD OBJECTION-ARGUMENT FOR BRINGING ETHICS INTO BUSINESS: TO BE ETHICAL IT IS ENOUGH FOR BUSINESS PEOPLE MERELY TO OBEY THE LAW**

Business ethics is essentially obeying the law. It is wrong to see law and ethics as identical. It is true that some laws require behaviour that is the same as the behaviour required by moral standards, e.g., the laws that prohibit murder, rape, fraud, etc. In such cases, there is coincidence between law and morality, and the objection to obey such laws is the same as the obligation to be moral. However, law and morality do not always coincide. Some laws have nothing to do with morality because they do not involve serious matters, e.g., laws of parking, dress codes, and other laws covering similar matters. Other laws may even violate our moral standards so that they are actually contrary to morality. Thus, ethics is not simply following the law. Nevertheless, this does not mean that ethics has nothing to do with following the law. Our moral standards are sometimes incorporated into the law when enough of us feel that a moral standard should be enforced by the pressure of a legal system. In contrast, laws are sometimes criticized and eliminated when it becomes clear that



they blatantly violate our moral standards. E.g., law permitting job discrimination and bribery in business must be eliminated since they violate our moral standards. Therefore, morality shapes and influences many of the laws.

Moreover, as most ethicists agree that a person has moral obligation to obey the law so long as the law does not require clearly unjust behaviour. This means that, in most cases, it is immoral to break the law. The obligation to obey the law can give rise to conflicts

when the law requires something that the business person believes is immoral. In such dilemma cases, a person is faced with a conflict between the obligation to obey the law and the obligation to obey his conscience.

### CONCLUSION

The main conversation in academic business ethics is focused on the large, publicly traded corporation. It owes its prescriptions mainly to normative political philosophy, rather than moral theory. It speaks more to public policy toward business (and especially the large, publicly traded corporation) and the institutions of capitalism than it does to ethical business conduct, i.e., what one ought to be doing when one is doing business.

To be sure, there are cases of corruption that respond to the unethical nature of the corrupt individual. But for the most part, the unethical behavior stems from the environment in which individuals must interact. Convolved regulations and weak rule of law foster a culture of corruption and informality both in the private and public sectors.

In the public sector, convoluted regulations and weak rule of law provide ample opportunities for public officials to accept bribes without punishment. In the private sector, those two factors push some people to do business informally as a means to survive and others to profit far more than they would if the possibility of bribery did not exist. The result is an

increasingly unequal society, in terms of the opportunity to create wealth and improve living standards.

To fight corruption and informality, it is essential to understand that corruption is a symptom-

-of overregulation, lack of rule of law, a large public sector--not the root of the problem. The perceived problem is unethical/corrupt behavior of the private sector, which leads the government to press more on private-sector activities. The real problem is the government action/regulations causing undesired behavior of the private sector. The optimal solution would be to eliminate burdensome regulations so that unethical behavior does not occur.

Countries must advance economic freedom in all possible areas of the economy, with particular emphasis on regulations affecting small and medium business, in order for corruption and informality to decrease. The Index of Economic Freedom is an excellent guide to identify what is obstructing economic activity and, therefore, perpetuating poverty.



Countries must also preserve the independence and effectiveness of the judiciary to punish corrupt actions. Economic freedom with a strong rule of law will foster a culture of investment, job creation, and institutional respect--all essential factors in massively improving the living standards of ordinary people.

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