

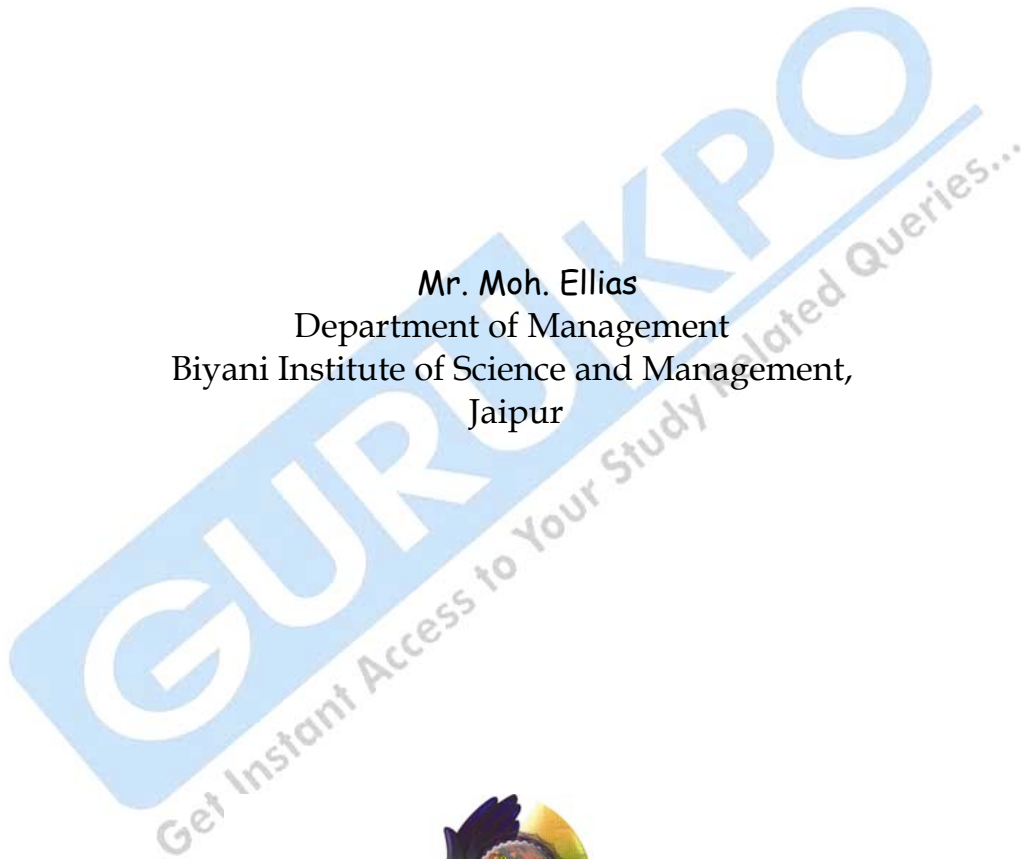
Biyani's Think Tank

**Concept based notes**

# **Business Ethics and Ethos**

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# Preface

I am glad to present this book, especially designed to serve the needs of the students. The book has been written keeping in mind the general weakness in understanding the fundamental concepts of the topics. The book is self-explanatory and adopts the “Teach Yourself” style. It is based on question-answer pattern. The language of book is quite easy and understandable based on scientific approach.

Any further improvement in the contents of the book by making corrections, omission and inclusion is keen to be achieved based on suggestions from the readers for which the author shall be obliged.

I acknowledge special thanks to Mr. Rajeev Biyani, *Chairman* & Dr. Sanjay Biyani, *Director (Acad.)* Biyani Group of Colleges, who are the backbones and main concept provider and also have been constant source of motivation throughout this Endeavour. They played an active role in coordinating the various stages of this Endeavour and spearheaded the publishing work.

I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and students for improvement of the quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

**Author**

### **Q.1 What is Ethics?**

**Ans.** The term ethics is from the Greek word *ethos* (Character), refers to the philosophical science that deals with the rightness and wrongness of human actions.

Definition of Ethics.

Ethics is a set of moral principles or values which is concerned with the righteousness or wrongness of human behavior and which guides your conduct in relation to others.

Ethics is the activity of examining the moral standards of a society, and asking how these standards apply to our lives and whether these standards are reasonable or unreasonable, that is whether they are supported by good reasons or poor ones.

### **Q.2 What is Business Ethics?**

**Ans**

Business Ethics is a specialized study of moral right and wrong. It *concentrates on moral standards as they apply particularly to business policies, institutions, and behavior.*

### **Q.3 What are Morals?**

**Ans**

Morals are the standards, norms of principles of right and wrong. They are basically principles which help to guide our behaviour and accept behaviour of others. They issues relate to. Are these standards based on science? In other words how scientific are these standards? Who develops these standards? How do they develop?

### **Q.4 What are Values?**

**Ans**

Value comes from the Latin word 'valere' which means to be of worth, to be strong. As per dictionary, value gives the following meaning: relative worth, utility or importance, degree of excellence, quality, intrinsically valuable. Value literally means something that has a price, something precious, dear and worthwhile, hence some thing one is ready to suffer and sacrifice for, it necessary one is ready even to die for it.

Values are a set of principles or standards of behavior that are regarded as desirable, important and held in high esteem by society. They're based on the moral norms or standards.

**Q.5 What are Human values?**

**Ans**

Human values are the values of the human beings for the human beings and by the human beings. Morals and values are the foundation of human values. Just as a building has a foundation of concrete, the building of human values rests on morals and values. Human values can also be defined as values of life.

**Q.6 What is Relevance of Values in Management?**

**Ans.** Knowledge of business ethics will help managers in resolving ethical issues/dilemmas as they arise.

Knowledge of values will help managers in setting highly responsible tone for the organization – in individual judgments and decisions whether ethical or not.

The study of business ethics provides conscientious managers with morally responsible approach to business.

It helps manager to realize their social responsibility. Many organizations find it wise to go beyond their primary mission and take into the needs of the community. Business ethics make managers more accountable for social responsibility.

**Q.7 What is CSR?**

**Ans.** CSR is an evolving concept that currently does not have a universally accepted definition. Generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society.

The World Business Council for sustainable development has described CSR as the business contribution to sustainable economic development. Building on a base of compliance with legislation and regulations. CSR typically includes “Corporate governance and ethics.

**Q.8 What are Potential benefits of implementing a CSR approach.**

**Ans.** Key potential benefits for firms implementing CSR include :

- Better anticipation; and management of an ever-expanding spectrum of risk.

- Improved reputation management
- Enhanced ability to recruit, develop and retain staff.
- Improved competitiveness and market positioning.
- Enhanced operational efficiencies and cost savings.
- Improved ability to attract and build effective and efficient supply chain relationships.
- Enhanced ability to address change.
- More robust “social license” to operate in the community.
- Access to capital
- Improved relations with regulators

**Q.9 What is Corporate governance?**

**Ans.** Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation; such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance.

**Q.10 What is difference between Corporate Governance and Corporate Management?**

**Ans.** Governance is concerned with the intrinsic nature, purpose integrity and identity of the institution, with a primary focus on the entity’s relevance continuity and fiduciary aspects. Governances involves the monitoring and overseeing of strategic direction, socio-economic and cultural context, externalities, and constituencies of the institution. On the other hand, Management is more of hands of activity. It is characterized as conducting or supervising action with the judicious use of means to accomplish certain ends. Management primarily focuses on specific goal attainment over a definite time frame and is prescribed organization.

Corporation Governance	Corporate Management
1. External focus	1. Internal focus
2. Governance assumes an open system.	2. Management assumes a closed system.
3. Strategy – oriented	3. Task – oriented
4. Concerned with where the company is going.	4. Concerned with getting the company there.

**Q.11 What are issues, Principles and key constituents in Corporation Governance.**

**Ans.** Corporate governance addresses three basic issues :

- Ethical issues
- Efficiency issues, and
- Accountability issues.

Ethical issues are concerned with the problem of fraud, which is becoming wide spread in capitalist economies.

Efficiency issues are concerned with the performance of management.

“Accountability issues” emerge out of the stakeholders need for transparency of management in the conduct of business.

**Q.12 What are unethical practices in Advertising?**

- Ans.**
- False promises
  - Incomplete description
  - Misleading Comparisons
  - Bait-and-Switch Offers
  - Visual Distortions
  - False Testimonials
  - False Comparisons
  - Partial Disclosures
  - Small-Print Qualifications

**Q.13 When Advertising is considered unethical?**

- Ans.**
- When it gives false information.
  - When it degrades the rival's product or substitute product.
  - When it makes exaggerated or tall claims.
  - When it is against the national and public interest.
  - When it gives misleading information.
  - When it conceals information that vitally affects human life.

**Q.14 What is the code for Commercial Advertising on Doordarshan?**

**Ans.** The code for commercial advertising was presented to parliament in 1987. It contains 33 does and don't for advertisers

- Ads that exploit national emblem, any part of the constitution/personality of national leaders or state dignitaries.
- Ads that have any relation to relation, political or industrial dispute.

- Ads that decried any race, cast, colour, creed, and nationality or are against the directive principle or the constitution.
- Ads that tend to invite people to crime or cause disorder or adversely affect friendly relations with foreign states.
- No advertisement shall be presented as news.
- Ads that promote chit funds, moneylenders, jewellery, fortune tellers, and foreign goods would not be accepted.
- No derogatory remarks for other products or comparison with them should be made.
- Ads which are likely to startle viewers-such as gunfire, sirens, bombardments, screams and raucous laughter.
- Guaranteed goods will have to be made available to Director General of Food and Drug Administration for inspection, if necessary.
- Advertisement that portray women as passive or submissive

**Q.15 What is the Gandhian Trusteeship System?**

**Ans.** The system of Trusteeship is viewed by the Gandhian theorists as of prime relevance for resolving conflicts and achieving cooperation in organizational settings. Here an attempt has been made to analyze the Gandhian system of trusteeship. It is an attempt to search managerial applications embedded in Gandhian Theory of Trusteeship.

Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one. It gives no quarter to capitalism, but gives the present owning class a chance of reforming itself.

The Gandhian concept of trusteeship in its capsule form means enjoying the wealth by renouncing it. If magnified, it means 'Earn your crore by all means. But understand that your wealth is not yours; it belongs to the people. Take what you require for your legitimate needs and use the remainder for the benefit of the society'

**Q.16 What are Sins of Gandhi?**

**Ans.** Mahatma Gandhi said that seven things will destroy us.

- 1) Wealth without work
- 2) Pleasure without Conscience
- 3) Knowledge without Character
- 4) Commerce (Business) Without Morality (Ethics)
- 5) Science without Humanity
- 6) Religion without sacrifice
- 7) Politics without Principle.



**Q.17 What are the Characteristics of Indian Psyche.?**

- Ans.** 1. It gives more importance to personalized relationship that contractual relationship.  
2. It prefers natural leader rather than official leader.  
3. It does not like many middle officers.  
4. It can accommodate apparently contradictory view. Main character of Indian culture is synthesis.  
5. It considers the leader as the role-model.  
6. It recognizes that majority of Indian maybe illiterate, but they are not uneducated.  
7. It realizes that religion plays the most important role in Indian life. Culture and tradition mean a lot to them.  
8. It recognizes that the Indians are very much attached to their family.  
9. It recognizes that Indians are hard working and not necessarily smart working.

**Q. 18 Subjectivity & Objectivity ?**

- Ans.** Creator is subjective. Creation is objective. Insight i.e. creator is more important than Oversight i.e. creation. Our body, senses intellect, mind etc. Are objective, seen, tangible. But our soul atman is unseen, intangible, subtlest and subjective. Hence, wisdom manager is much more important than knowledge manager.

Manager must develop this third eye, 'Jnana Chakshu.' The eye of Vision, intuition, insight foresight and such other divine qualities or values. Lord Shiva possesses Third Eye. This is the essence of Indian ethos for management.

**Q.19 Karma Yoga (Selfless work) ?**

- Ans.** It is yoga of moral Endeavour, self-less service to others. It brings about union of human being with the Divine. Work is done as workshop to the Divine in human beings who is also all pervading in the universe.

Gita evolves the moral and ethical theory of human conduct and expounds the art of right living – the doctrine of duty with discipline and devotion without attachment to work and agency.

**Q.20 Swadharma ?**

- Ans.** Gita emphasizes that Swadharma should be understood as a pious work to be done, and should be done with the spirit of doing public good. If done real religiously, it becomes a great offering to the Divine himself.

This is the true Yajna spirit, wherein one works for self satisfaction which in fact he derives from the public good.

**Q.21 Role of Karma yoga in our lives?**

**Ans.** Karma Yoga is a good pathway for :

1. Self-purification and self-development.
2. Individual growth and welfare
3. Collective growth and welfare
4. Minimum play of passion, jealousy, hatred, greed, anger and arrogance.
5. Team spirit, team work.
6. Autonomous management, minimum control and supervision.
7. Manager acts as mentor and facilitator
8. Self-motivation or Inspirational motivation.
9. Perfection or excellence in products and services.
10. Skills and values united.
11. All round happiness and prosperity
12. Conflicts resolved by integration

**Q.22 Yogah Karmasu Kaushalam ?**

**Ans.** Yoga means excellence at work. Seek to perform your assigned duty of work in an excellent manner. Koushalam denotes doing work with devotion and without attachment. Such detached attitude enhances its value and improves the concentration and skill of the worker. You work with smartness, determination and ability. Your head, heart and soul cooperate with your hands. In Total quality Management (TQM), Karma Yoga and Yogah Karmasu Kaushalam provide valuable contributions. Under this slogan we have hundred percent motivation coming from within.

**Q.23 Holistic Approach?**

**Ans.** Holistic approach in Management is based on spiritual principle of unity. Oneness, non-dual or Advaita concept. Under this principle of unity, the universe is an undivided whole where every particle is connected with every other particle. The Divine interpenetrates this Jagat like pearls on a string. Hence, Entire Humanity is ONE.

**Q.24 Basic principles of Indian ethos for management ?**

**Ans.** 1. Immense potential energy and talents for perfection as human being has the spirit within his heart.

2. Holistic approach indicating unity between the Divine individual self and the universe.
3. subtle, intangible subject and gross, tangible objects are equally important. One must develop one's Third Eye, Jnana Chakshu, or the Eye of Wisdom.
4. Karma Yoga offers double benefit, private benefit, self-purification and public benefit.
5. Excellence at work through self-motivation and self development is the best means of Total Quality Management.
6. Co operation is a powerful instrument for team work and success in any enterprise involving collective work.

We need Indian Ethos in modern corporate management.

1. To develop proper management pattern.
2. to assure all round growth in productivity, marketing, profitability.
3. To gain worldly achievement and lead enriched quality of life together.
4. To synchronise private and public benefits.

**Q.25 Insights into Indian ethos ?**

**Ans.** Indian ethos provides that 'Business' need not be regarded evil, tainted and unethical. Business is sacred. It is a matter of attitude, approach and level of management consciousness. One can do business, make money, earn profit, build up property and even then it can be managed with due recognition to human and ethical values and respecting all persons in the enterprise and in the society as human beings. Indian ethos demands subjective management system, giving due importance to virtues like compassion, honesty, co-operation etc.

**Q.26 Self Management ?**

**Ans.** The manager is first a man and then a manager. The manager should first learn to manage and control himself. Without self management and control, how can he manage and control others? The first need is understand and know himself. This is a course in the subjective system of management. Indian insights want first system of subjective management and then only management in objective terms can be perceived and practiced.

**Q.27 Nishkama Karmayoga?**

**Ans.** The theory of Karma is the central theme of Bhagvad Gita which when translated into modern day management may provide fresh approach into 'doing' the 'right' things at the 'right' time. Everybody looks for peace and happiness and nobody likes to face adversity. That is why the soul is

bounded with Karma (deeds or actions) Bhagwat Gita tells us that future is always based in our present deeds whether they are good or bad. We can change our future happening by virtue of our present pious deeds and workshop and by adopting true path.

Nishkam Karma or selfless or desire-less action is an action performed without any expectation of fruits or results, which has now found place not just in business management, management studies but also in promoting better business ethics as well. In Indian philosophy, action or Karma has been divided into three categories, according to their intrinsic qualities or gunas. Here Nishkam Karma belongs to the first category, the Satvik (pure) or actions which add to calmness; the Sakam Karma (self-centred action) comes in the second rajasika (aggression) and Akarma (in-action) under the third, tamasika which co-relates to darkness or inertia.

Nishkam Karma has been variously explained as 'Duty for duty's sake' and as 'Detached involvement'.

**Q.28 The Guna dynamics model (SRT principle)?**

**Ans.** First model viz. the guna model analyses the dynamic of the three gunas viz. tamas, rajas and sattava. This dynamics is presented in sloka 14-10 'Sattava asserts itself by predominating over rajas and tamas, rajas'. When the intensity of tamas is higher than sattava and rajas, there is lot of negative energy. When intensity of sattava is higher than rajas and tamas there is lot of synergy. Hence, Gita suggests a transformation from tamas to sattava through increase in the intensity of sataava and reduction in the intensity of tamas. If tamas dominates in a society and its institutions, it would lead to lot of negative energy thereby leading to disorders in society. Hence, the social processes should be designed, organized and transformed in such a way that there is increase in rajas and sattava in the society. This would lead to establishment of a 'good society'.

Guna theory is an analytical framework for analyzing the man's nature. As per Guna theory management styles could be tamas driven rajas driven or sattava driven, because the tamas driven management style ultimately leads to disaster, the emphasis is on a shift towards rajas or sattava driven management styles. The sattava driven management style emphasizes the ethical dimension of management.

Guna theory not only provides us a theory of personality but is also useful in psychological analysis through analysis of the three ego states viz. the tamasik, rajasik and sattavik. When these three ego states in an individual interact with each other and interact with ego-states of another individual, we get interesting insights into human behaviour.

### **Q.29 Guide to Action and Decision Making in Management.**

**Ans.** Gita suggests that unnecessary details could lead to getting out of focus and thereby it could lead us to wrong decisions. Hence, it is necessary to concentrate on the proper choices and alternatives.

The mental state of the decision-maker is critical to decision making. Anger is considered as the root cause for delusion and confusion in decision making hence it is suggested that critical decisions should be made in anger free mental state.

In Geeta, five factors have been identified as influencing factors in decision making viz. the 'seat (body) or the right place, the doer (ego) or the competency, organs of perceptions or the instruments, functions of various organs of action or the effort and the 'presiding deity' or the chance factor. In Bhagwat Gita too it is said that "one's own self is one's friend, and one's own self is one's enemy". We can relate this to the management decision making as if a person takes a correct decision he can set himself on top and if the decision is incorrect then it will make him fall down. So Bhagwat Gita has also shown the path to modern management in relation to Decision making.

### **Q.30 Gita & Self Management?**

**Ans.** (i) Have a Clear Goal : Have a clear goal, which tickles your heart, attaining which you visualize yourself to be a fully contented man. Think Big. Never be a blind follower of the world, look within to discern your goal. What YOU want is more important, because that alone will guarantee your full involvement, integration & love.

(ii) Entertain a quiet Mind – All decisions are taken by our minds. A quiet mind alone can be conscious of various aspects of any situation and it alone is free to act. An unquiet mind is a conditioned mind, it knows just to react only to regret later. It is never free.

(iii) Get the best knowledge – Always remember right knowledge is the greatest of all powers. Cultivate an inquisitive mind. Remain in touch with the latest. Always take out your time to study various good literature.

(iv) Have the best motivation - Right motivation opens the floodgates of our potentials & perception. A person who is bogged down with his selfish considerations, insecurities and the choking sense of insufficiency.

(v) Have Holistic vision – A fragmented vision dissipates our time & energy and also mars our perception. It brings baseless tears and insecurities, and is the main cause of the sense of limitation and the

subsequent egocentricity. Base your life on facts and be blessed with the perception of truth, a sense of fullness and love. With a mind which can see all the aspects of a situation simultaneously every decision cannot but be spontaneously right.

Send your requisition at  
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