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Business ethics and corporate Governance in India

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Abstract

Corporate governance refers to the collection of policies developed to determine the performance and trajectory of a corporation. This document provides a comprehensive review of the rules and regulations that govern those responsible for managing an established organization. The individuals in question are those who willingly assume the duty of being accountable to the shareholders. Corporate governance is a comprehensive concept that holds significant relevance in the contemporary business landscape. The legal structures pertaining to corporate governance can be tailored to accommodate the specific preferences of individual stakeholders. The current study aims to examine corporate governance from the perspective of India. In the concluding section, the article provides a succinct overview of the impact of corporate governance on the current economic landscape of India.

Keywords: Business ethics, Indian context, global economy, ethical standard

Introduction

The ideas of business ethics and corporate governance have assumed a central role in the dynamic world of modern business, capturing the interest of businesses, stakeholders, and society at large. Corporate governance and business ethics are fundamental ideas that direct how organizations and corporations behave and make decisions. They stand for the moral and ethical compass that directs an organization's behavior, making sure that it runs with integrity, transparency, and a dedication to societal well-being in addition to maximizing profits. Business interactions with its employees, clients, suppliers, competitors, and the environment are governed by a wide range of ethical concepts and practices. It deals with issues of justice, sincerity, responsibility, and accountability. Business ethics is a basic idea that penetrates an organization's culture and affects every facet of its operations, not just a set of regulations or guidelines.

Corporate governance is the term used to describe the set of rules, practices, and regulations that control and manage a company. It entails the allocation of duties and rights among many parties with an interest, including shareholders, management, board members, and other interested parties. The efficient use of resources, alignment of a company's interests with those of its stakeholders, and compliance with legal and ethical requirements are all dependent on effective corporate governance.

Due to high-profile corporate scandals, escalating environmental sustainability concerns, and a growing emphasis on social responsibility, the importance of business ethics and corporate governance has increased significantly in recent years. The importance of ethical conduct and responsible governance for long-term profitability and sustainability is becoming more widely understood by businesses and enterprises.

This introduction lays the groundwork for a more in-depth investigation of corporate governance and business ethics. We will explore the fundamental ideas, industry standards, and practical applications that highlight the significant influence of these ideas on business throughout this discourse. In a connected and morally conscientious global economy, we'll also look at how they help to create trust, stimulate innovation, and improve firms' reputations. In the end, our trip will show that corporate governance and business ethics are powerful enablers that result in a more equitable, accountable, and profitable company environment rather than being barriers to growth and prosperity.

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Review of Literature

A number of formal institutions including legal, political, reporting, and financial methods and systems are studied alongside multilevel, country-specific informal institutions like norms, practices, and traditions in the study of challenges at the intersection of CG and corporate ethics. (Veldman & Willmott, 2022) ^[1] and Xie, 2022. For instance, the McGuire *et al.*'s (2019) ^[14] work incorporates behavioral agency theory with the conventional stakeholder perspective to examine the effects of CEO pay on corporate social responsibility performance. By separating the effects of compensation duration and pay-performance sensitivity, the authors give a more thorough explanation of how and why CEO Social performance is influenced by remuneration. If we were to want to see further progress on the grounded work on the specific (new) institutional arrangements, such as the product of various types of ethical codes, board committees, ownership and control structures, and executive compensation processes and structures, as well as their effects on social effects of the form. Corporate ethics are a set of values that support firms and help them preserve their relationships with their personnel. Increase in size in the market.

The main component of corporate ethics is abiding by the rules of the company, being accountable, establishing a trusting relationship, and a successful communication. In line with the claims of Ferrell *et al.* (2019) ^[12] The primary seven corporate ethics are science without sacrifice, wealth without labor, politics without values, and Without humanity, without morals, without pleasure, without moral restraint and wisdom lacks personality. The goal of implementation A company's business ethics are maintained by the organizational culture's moral behavior from freshmen to top authorities that aid in ensuring that there is honesty, equality, and trust among the personnel of the company (Carroll & Brown) 2018 ^[13]. Recent high-profile scandals involving the abuse of corporate authority and, in some cases, alleged criminal behavior by company leaders have brought corporate governance to the forefront of public discourse.

The scope of good corporate governance includes internal provisions for personal civil prosecution. Who engages in immoral or unlawful behavior while representing an organization in India, thus necessitating activity management? Companies' ethical behavior is highlighted. The board of directors was advised by all of the codes to make sure that a code of ethics is created and that the board approves it. Majority of corporate Governance codes also offer some assistance on how to create an ethics code by either mentioning matters or subjects that should normally be. (Shalu Yadav - 2018) ^[3] Businesses that adhere to an ethical business approach can win over investors.

Investors can rest with confidence when there is transparent and accountable management. As a result, the business can generate good capital. Businesses that adhere to an ethical route score over rival companies. (Adya Pandey - 2021) ^[4] There is uncertainty in the relationship between corporate governance and business ethics. If by "ethical" we imply that one should think about others' well-being in addition to one's own, then the question of whether corporate governance is morally based by definition emerges. Fairness, accountability, responsibility, and transparency-the four pillars of corporate governance-at the very least give the idea that companies are subject to moral requirements

under corporate governance. (G.J. (Deon) Rossouw - 2002) ^[5] Every corporation's future is seriously threatened by a failure in corporate governance. Corporate governance is a corporate ethics issue that has the potential to ruin your company in less than a week and is 100 times more powerful than the internet or globalization. To create even worse, corporate governance norms are evolving quickly in response to arbitrary occurrences that draw attention from the general populace. What used to be good in corporate ethics is now terrible, and what was deemed bad has turned good. While certain standards seem outdated or immoral, other activities that sparked controversy are now completely accepted. (Anita Rani - 2019) ^[6] Corporate governance ought to strive towards fostering a corporate conscience and an atmosphere that demonstrates true ethical, social, and ecological obligations. Corporate governance really consists of following the law, implementing optimal management practices, and in text and spirit, with respect to moral principles for efficient administration and distribution of wealth and fulfillment of social obligations in order to ensure the sustainable development of every stakeholder. (Dr. Pradip Kumar Das - 2018) ^[7] Corporates are stated to claim good compliance with governance regulations and attractive financial gain as a means of impressing investors. Facts based on observation regarding government shows that guidelines, policies, and procedures are utilized as markers for assessing corporate compliance (Webb 2007; Valenti 2008) ^[9,10]

Why Business Ethics?

A discussion of ethics in business is needed because business can be unethical and there is so much evidence of unethical business practices today. Even Adam Smith, an advocate of neoliberal laissez-faire, said, "People in the same industry rarely meet, even for fun or diversion, and conversations end in conspiracies or hoaxes against most people. Money." Increasing the cost of Business doesn't function alone. Companies and corporations operate within the social and natural environment. Because they exist in the social and natural environment, the company there is an obligation to be accountable to the natural and social environment. Business, regardless of demands or pressures, by its very existence has an obligation to be ethical for at least two reasons: ethical and unethical. On the ethical path, the company's existence is justified by ethical choices that responsibly choose business ethics.

What is business ethics?

Ethics, or the search for a 'good way of life' for wise action, may be practiced by business enterprises, hence the term business ethics. Ethics in business deals with the ethical course a company should take. Minimizing suffering to people and nature at large, maximizing net benefit to society and the economy, improving the performance of the systems in which it works, and treating stakeholders near and far alike is bad practice. It can be said that corporate ethics is to correct this and maintain a virtuous corporate culture permanently. The extended utility/consequences standpoint often suggests that companies can often make short-lived gains by acting in unethical ways. But such behavior tends to erode the economy over time. For those who uphold the principles of Virtue Ethics, it is only important to maintain integrity, fairness and humanity rather than being ethical in order for a company to achieve better results. On the other

hand, experts in duty and virtue ethics argue that the motivation to be ethical outweighs the impact on a company's profitability of acting ethically nonetheless. From a Kantian ethical perspective, business must view distant and near parties as ends in themselves, rather than mere means to other ends. Companies become ethical by taking responsibility for "translating" abstract ethical imperatives into a set of commitments. However, when translating, we not only follow "a priori" ethical rules and norms, but also business ethics (Wikipedia, the free encyclopedia). Respond to situations at their singularities by practically choosing the best alternative response from multiple possibilities. Stated differently, ethics might be defined as "accountability in the experience of moral decisions made outside of knowledge and established norms."

Ethical challenges in the global economy

There are a number of important regional and local factors driving changes in attitudes and behavior. Additionally, it is important to note that what can happen remotely can have a significant impact on local activity. Businessmen, diplomats, members of the media and many other groups need a thorough knowledge of what they may experience abroad, not to mention the differences at home, in order for a business to thrive and survive. Need to recognize that "Globalize or perish" (Kehoe, 1998) ^[15] is the basic rallying cry. Even those who do not carry out activities far from their hometown cannot ignore the possible indirect impact on their hometown's economic or political performance. Moreover, attempts to translate local experiences and knowledge into activities elsewhere in the world may not yield the desired results. "Global business can be described as a wonderfully constructed mosaic of complexity and diversity, composed of a wide variety of locations, peoples, cultures, customs, laws, and manners, processes and ethical systems. It can be frustrating for global managers" (ibid.). Recent and past geopolitical decisions are often made without considering the factors underlying these actions, so that there is no notion that these factors are solely related to business operations. It should be noted that Challenges can also play a role on an individual level, apart from those that responsible managers can face. For example, what you see in tourism often makes a big difference emotionally. Not to mention the potential difficulties and even dangers for those who do not understand the basics.

Limitations

Cultural Variations: Corporate governance norms and business ethics can differ greatly between cultures. One culture's interpretation of ethics may not be the same as another's. For international firms that operate in several environments, this may provide difficulties.

Enforcement and Compliance: Even with strong legislation in place, it can be difficult to enforce moral standards and good corporate practices. Some businesses may find ways to deceive or go around the law, resulting in unethical behavior that goes unnoticed.

Global supply chains: Are complicated because they can span multiple nations and involve a variety of stakeholders in today's interconnected global economy. It can be difficult to enforce moral behavior in these supply chains, and unethical behavior may go unreported.

Implementing and upholding: Strict ethical and governance principles can be expensive and resource-intensive. Particularly smaller companies may have trouble allocating the funds required to create and maintain thorough governance frameworks.

Reprisal against whistleblowers: Whistleblowers, or employees who reveal unethical behavior or corporate misconduct, may experience reprisal from their employers, which could deter them from going forward. It might be difficult to safeguard the confidentiality of whistleblowers.

Evolution of Ethical Challenges: Ethical challenges in the business world evolve rapidly due to technological advancements, changing consumer expectations, and global trends. Keeping pace with these changes and adapting ethical frameworks accordingly can be difficult.

Conclusion

Business is a human activity that has been, and probably will continue to be, evaluated from a moral standpoint (Robin and Reidenbach, 1987) ^[11]. Branding as part of your business is no exception. Business ethics in an organization includes values-based leadership by management, purposeful behavior including planning and implementing appropriate standards of conduct, and openness and continuous effort to improve the ethical performance of the organization. Is required. Personal values are important in ethical decision-making, but they are only one factor that guides organizational decisions, actions, and policies. Considering recent developments in international trade and the widespread expansion of global business, the authors of this paper believe that the ethical issues and concerns facing companies are no longer relevant to the limited framework of the Journal of Academic and Business Ethics. I have come to the inevitable conclusion that there is no International business ethics, national or regional arena. These problems assume a global dimension and thus require global solutions. Doing business or the business of any other organization requires an awareness of the challenges we face on a global scale. Ethics play a vital role in this situation. Even labeled as corporate social responsibility or sustainable development, the term business ethics is still the key term in the field. The study of ethics has a long history, but the greatest challenge ethics faces today is the need to recognize the underlying forces of the culture in which activity takes place. In addressing many problems, not only the actions of organizations but also the roles of individuals are important. Governments and educational institutions also have a role to play in guiding members of their organizations operating in local and global settings. The use of critical thinking is an important part of ethical decision-making, especially in ambiguous areas. Personal character development is important, but must be combined with the ability to understand risks and approaches to addressing ethics and compliance in complex organizational contexts.

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