

Business Ethics & Corporate Governance: The Inseparable Duo



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Abstract

The 21st century has witnessed several business scams like Xerox in USA, Enron in India. Falling stock markets, corporate failures, dubious accounting practices, abuses of corporate power, criminal investigations indicate that the entire economic system upon which investment returns have depended is showing signs of stress that have undermined investor's confidence. Many companies have been accused of malpractices and floundered some crores of people's sweat. This was not only limited to western countries but also practiced by some Indian companies board of directors and C.E.O's. Business ethics are very important for the interest of share holders, financial institutions , creditors of the company, and to government as well. In the face of such scandals and malpractices, there has been a renewed emphasis on corporate governance. The foundation of corporate governance is helping the above noted parties to aware of the rules, regulations, policies and procedures, practices and transparency. The term corporate governance became very popular in western countries, particularly in United States of America (USA) in late 20th century. Corporate governance is not a young one to the Indians.

The great Indian books like the Ramayana, the Mahabharata and the Gita dealt the code of conduct of business and all. But, the so called corporate governance in contemporary usage is new which got attention of the Indian corporate world by the early 21st century. Still, the need and practice is recognized by a few companies only, the rest of are not even aware of the same. The practice of corporate governance in corporate world aids to obtain transparency, accountability and responsibility in business activities. This paper is an earnest attempt made to analyze the relevance & relationship of business ethics and corporate governance in Indian corporate sector.

Introduction

Peter Drucker in 1981 raised the issue by commenting that there is neither a separate ethics of business nor is one needed (Pal, 2009). It is management that acts as head and heart of business and for conducting business with fairness, justice and equity management should behave ethically. However, it is not easy as it sounds in modern era, where we find people moving on the path of success using unfair means like corruption, red tapism, bribes, inspector raj etc. it is hard to survive as there is growing tendency to ignore values. Managers in organizations face ethical issues in everyday of their working lives. Seldom there's a decision without an ethical dimension or facet to it. In addition to facing ethical aspects in their decision making they confront ethical issues as they carry out their leadership responsibilities. As Business leaders, we can learn how to integrate personal & spiritual values into the workplace to stimulate quantum leaps in creativity, process improvement, customer service & other business & moral values. India is one of the few civilizations that had held on to its unbroken continuity of ethos & values. Our Ethos and Values are derived from the Vedas, the Ramayana, the Upanishads, Kautilya's 'Arthashastra' & the Mahabharata. Philosophers who were the great managers of time and their values help & act as a guide for excellence in governance & management in different areas. Management is not new to India. From the times of Ramayana the character of Lord Hanuman to the times of greats like Chanakya and Swami Vivekananda with many names like Lord Krishna, Mahavir, Buddha, Guru Gobind Singh & other Spiritual leaders were great organizers in between.