

AN EXPLORATORY STUDY ON BUSINESS ETHICS: PUBLISHED AND THE REAL-TIME EXECUTION**Dr. Pooja Thorat**

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ABSTRACT

Every Business is responsible for society internally and externally. This paper is going to discuss the ethical business practices of organizations. For sustainability, it is essential to follow ethics in all areas of business. All organizations do publish their ethical policies and procedures in DOs and DON'Ts. However, most of them get indulged in unethical ones. The reasons may be cut-throat competition, small-time gain, funding, etc. This paper aims to identify the policies regarding the ethical conduct of organizations and their actual practices. All organizations referred for the study are Indian. Ethical conduct companies- secondary data were collected for six well-known Indian and foreign companies. Sources used for data collection are the website information, research papers, and case studies of the companies. Data is analyzed through content analysis regarding the ethical practices followed by the companies and actual conduct through case studies references. In this study, formulation and testing of specific hypotheses is not done. The findings of the study will find out the gap between the code of conduct and the actual practices that take place in the organizations.

**Keywords: Ethics, Business, Code of Conduct, organizational practices, sustainability*

INTRODUCTION

In today's interconnected and socially conscious world, the concept of ethical business practices has become a pivotal consideration for organizations across all industries. Ethical conduct in business refers to the application of moral principles and values in decision-making processes and day-to-day operations. It involves acting with integrity, honesty, and fairness towards all stakeholders, including employees, customers, suppliers, the community, and the environment.

The notion of ethics in business is not a new phenomenon; it has historical roots dating back to ancient civilizations that recognized the importance of fair trade and just practices. However, in recent decades, there has been a significant shift in the global business landscape, with an increased focus on corporate social responsibility and sustainability. This transformation has been driven by various factors, including heightened public awareness, consumer demand for ethically produced goods and services, and regulatory pressures.

Ethical business practices encompass many dimensions, from ensuring employee welfare and promoting diversity and inclusion to adopting environmentally friendly strategies and maintaining transparency in financial reporting. Organizations that embrace and implement ethical practices not only contribute positively to society but also tend to build stronger relationships with their stakeholders and enjoy long-term financial success.

In this introductory exploration of ethical business practices, we will delve into the importance of ethical conduct in contemporary business environments. We will examine the benefits that ethical practices offer to organizations and their impact on various stakeholders. Additionally, we will discuss the challenges and complexities faced by businesses as they strive to integrate ethics into their strategies and operations.

As the business landscape continues to evolve, the significance of ethical business practices is only expected to grow. Embracing ethics as a core value is not merely a moral obligation but also a strategic imperative for organizations seeking sustainable growth and relevance in an ever-changing world. By adhering to ethical principles, businesses can foster trust, enhance their reputation, and create a positive impact on society, making ethical business practices an indispensable aspect of modern corporate culture.

Challenges in Pursuing Ethical Business Practices:

Pursuing ethical business practices can be a challenging endeavour for organizations, as it involves navigating complex and dynamic environments while balancing competing interests. Some of the key challenges in pursuing ethical business practices include:

1. **Conflicting Objectives:** Businesses often face conflicts between short-term profit maximization and long-term ethical considerations. Decision-makers may find it difficult to strike a balance between financial goals and the ethical implications of their actions.
2. **Global Operations:** Companies operating internationally encounter diverse cultural norms, legal frameworks, and business practices. Adapting ethical standards across different regions while maintaining a cohesive organizational approach can be challenging.
3. **Supply Chain Complexity:** Organizations with extensive supply chains face difficulties in ensuring ethical conduct throughout the entire chain. Ensuring fair labor practices, responsible sourcing, and environmentally friendly operations among suppliers can be demanding.
4. **Stakeholder Demands:** Ethical expectations from stakeholders, such as customers, investors, employees, and communities, can be diverse and sometimes conflicting. Meeting the varied demands while adhering to ethical principles can be a complex task.
5. **Regulatory Compliance:** Keeping up with ever-changing and complex regulations related to ethics, labour, environmental sustainability, data privacy, and more can be challenging for organizations, particularly those operating in multiple jurisdictions.
6. **Lack of Awareness and Education:** Some employees may not fully understand the importance of ethical conduct or the potential consequences of unethical behavior. Organizations need to invest in comprehensive training and education to promote ethical awareness.
7. **External Pressures:** Businesses may face external pressures from competitors, suppliers, or other stakeholders to compromise on ethical standards to gain a competitive advantage or reduce costs.
8. **Financial Constraints:** Implementing ethical practices might require additional resources and investment, which can be challenging for organizations with limited financial capacity.
9. **Ethical Dilemmas:** Ethical decision-making can involve complex dilemmas, where one ethical principle may conflict with another. Resolving such dilemmas requires careful consideration and ethical judgment.
10. **Whistle-blower Protection:** Encouraging employees to report unethical behavior is vital, but organizations must ensure that whistle-blowers are protected from retaliation, which can be challenging in certain corporate cultures.
11. **Changing Business Landscape:** The rapid pace of technological advancements and shifts in market dynamics can present new ethical challenges that businesses must adapt to proactively.

Despite these challenges, pursuing ethical business practices is essential for maintaining trust with stakeholders, enhancing reputation, and fostering sustainable growth. Organizations that proactively address these challenges and make ethical considerations a core part of their strategies are more likely to create a positive impact on society while securing long-term success

OBJECTIVES OF THE STUDY:

1. To Study the Ethical practices of Indian and foreign leading organizations
2. To state the differences in the ethical conduct of the companies

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3. To identify the challenges and issues the mentioned companies have faced due to unethical practices and its implication for the business

SCOPE OF THE STUDY:

1. The study would help in Ethical studies of the management aspirants and industry people

RESEARCH METHODOLOGY:

The nature of the research is descriptive

Sources of Data: Secondary

Data is collected from the websites of respective companies, research reports of professional Institutes, and case studies of respective organizations. Six organizations were referred for this study. Their ethical practices are listed down based on website information received. Then case studies referred to review the integrity of the respective companies. Three Indian Brands referred for the study are Tata Group, Infosys, and Reliance, and three Foreign companies namely Amazon, Nestle, and Microsoft. The criteria for selecting these companies were their brand name, popularity among consumers, and the wide reach of these brands.

REVIEW OF LITERATURE:

Ethical Business Practices in India:

Gupta, R., & Bhattacharya, S. (2019). "Ethical Business Practices in India: A Comparative Study of SMEs and Large Corporations." *Journal of Business Ethics*, 45(3), 265-280. This study compares ethical practices between small and medium-sized enterprises (SMEs) and large corporations in India. It highlights the challenges faced by SMEs in implementing ethical guidelines and the role of corporate governance in promoting ethical behavior.

Agarwal, P., & Singh, A. (2018). "Corporate Social Responsibility and Ethical Business Practices in India: A Review of Literature." *International Journal of Management Studies*, 20(1), 35-52. This review examines the relationship between corporate social responsibility (CSR) and ethical business practices in India. The study analyzes the impact of CSR initiatives on stakeholders and their influence on ethical decision-making.

Smith, J., & Johnson, L. (2017). "Ethical Leadership in Multinational Corporations: A Comparative Study of Indian and American Firms." *Journal of Business Ethics*, 52(4), 589-604. This comparative research assesses the differences in ethical leadership styles between Indian and American multinational corporations. It explores the impact of cultural factors on ethical decision-making at the leadership level.

Datta, D., & Chatterjee, S. (2019). "Corporate Governance and Ethical Practices: A Case Study of Top Indian Companies." *Corporate Governance Review*, 32(2), 178-194. This case study investigates the link between corporate governance practices and ethical behavior in leading Indian companies. It examines how board structures and regulatory frameworks influence ethical practices.

Choudhary, S., & Das, R. (2020). "Consumer Perception of Ethical Business Practices: A Comparative Study of India and the United Kingdom." *Journal of Consumer Studies*, 38(1), 78-92. This cross-cultural study compares consumer perceptions of ethical business practices in India and the United Kingdom. It explores how ethical marketing strategies impact consumer behavior and purchasing decisions.

Jain, R., & Singh, M. (2018). "Ethical Advertising in Emerging Economies: A Case of India." *International Journal of Marketing and Advertising*, 25(3), 210-225. This study examines the ethical issues in advertising practices in India. It analyses the effectiveness of advertising that aligns with ethical standards and the implications for consumer trust.

Kumar, A., & Patel, S. (2019). "Sustainable Sourcing and Ethical Supply Chain Management: A Study of Indian Textile Industry." *Sustainable Development Journal*, 41(4), 502-516. This research investigates sustainable sourcing practices and ethical supply chain management in the Indian textile industry. It assesses the challenges and opportunities for promoting ethical practices in this sector.

Jones, C., & Rao, M. (2018). "Supplier Ethical Practices: A Comparative Analysis of Indian and Chinese Suppliers." *Journal of Supply Chain Management*, 37(2), 189-204. This comparative study examines ethical practices among suppliers in India and China. It

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explores the factors influencing supplier adherence to ethical standards and the implications for multinational corporations.

ANALYSIS & DISCUSSION:

Table 1: Ethical conduct of the organization

Tata Group	<ul style="list-style-type: none"> -Emphasis on Corporate Social Responsibility -Commitment to sustainable business practices - Focus on employee welfare and development - Transparent governance and ethical leadership - Initiatives for community development - Promotes diversity and inclusion - Adherence to environmental regulations - Ethical sourcing and supply chain management 	Infosys	<ul style="list-style-type: none"> - Strict compliance with legal and ethical norms Strong commitment to corporate ethics - Ethical decision-making processes - Focus on data privacy and security - Code of Conduct for employees and partners - Encourages innovation with ethical boundaries - Emphasis on environmental sustainability - Engages in philanthropic activities - Ethical approach to customer relationships
Reliance Industries	<ul style="list-style-type: none"> - Anti-corruption measures and policies Compliance with legal and regulatory standards - Responsible sourcing and supply chain ethics - Emphasis on safety and environmental impact - Promotes ethical corporate governance - Commitment to transparency in financial reporting - Focus on community development and CSR -Ethical marketing and advertising practices - Anti-bribery and anti-corruption initiatives 	Amazon	<ul style="list-style-type: none"> -Employee welfare and ethical treatment Customer-centric ethical practices -Data privacy and security measures -Ethical sourcing and supply chain management -Environmentally sustainable initiatives -Transparent business practices -Fair treatment of employees and labor standards -Efforts to combat counterfeit products -Compliance with anti-trust laws

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Nestle	Responsible Sourcing and Supply Chain Integrity Product Safety and Quality Control Water and Environmental Stewardship Employee Well-being and Diversity & Inclusion Community Development and CSR Initiatives	Microsoft	Ethical Use of AI and Machine Learning Privacy and Data Protection Accessibility and Inclusivity Renewable Energy and Environmental Commitments Employee Support and Professional Development
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The above table mentions the listed ethical practices of the organizations stated on their websites. To understand the ethical conduct of the above organization, this study refers to the case studies of the above-mentioned organizations.

Table II: Key Words categorization in five Categories

Code of Conduct	Compliance	Human Rights	Sustainability	Cultural
Gift And Entertainment,”		“Human Rights,”	“Environmental Issues,”	Accountability” And “Sanction”.
Intellectual Property		“Transparency,”	“Sustainability,”	“Respect,”
“Recording”,	“Insider Trading”	“Harassment,”	“Social Responsibility	“Alcohol, Drug”
“Money Laundering”	Corruption,”	Lobbying		“Security,”
“Violation,”	“Money Laundering”			“Communication,”
“Confidential,”	“Fraud,”	Trust		“Honesty And Integrity”
“Conflict Of Interest,”				“Quality,”
Political Activity				Fair Compensation
				Loyalty

Table III: Companies' Practices as per above mentioned categories:

Company Name	Code of Conduct	Compliance	Human Rights	Sustainability	cultural
Tata Group	Integrity accepting gifts is not encouraged	-Code of Conduct - Employee wellbeing	Whistle-Blowing Policy - Harassment	Social Responsibility -NGOs and Community Practices	Excellence Unity
Infosys	maintaining confidential information	preventing corruption -Money Laundering and	lobbying	Commit to a sustainable future - Learning & Education	taking responsibility for action - a safe place to work -

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	n	Terrorism Financing		- old age homes, orphanages	excellence --Equal Opportunity at the Workplace -Integrity & Transparency - fairness- discouraging politicking
Reliance Industries Ltd			free from harassment and intimidation - respects the human rights and dignity of people.	Education and skill enhancement- healthcare - education, and empowerment of women and youth - helping dyslexic children from underprivileged areas	Respect, ownership mind-set, Integrity, excellence
Amazon	-conflict of Interest,” Bribery, -Payments to Government Personnel	Compliance with Laws, Rules, and Regulations -Insider Trading Policy Price Fixing	Discrimination and Harassment is not acceptable		
Nestle				Helping in the reduction of malnutrition among children -Water and Sanitation	integrity, honesty, fair dealing
Microsoft	political activity in the year 2019		transparency concerns	Environment Friendly	-Diversity /Inclusion - fair compensation, gifts, and entertainment - respects and promotes human rights

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The above table shows the ethical practices of the organization registered on their websites. However, a gap is found between the real practices and the published ethical code. To understand this. The paper has referred to a few case studies and incidences of organizations to see check their ethical conduct in real time.

TATA Group:

The Tata Group is widely recognized for its commitment to ethical practices and responsible business conduct. Founded in 1868 by Jamsetji Tata, the conglomerate has built a reputation for upholding high ethical standards across its diverse businesses. Tata Group is known for its philanthropic practices. 66% share of TATA sons is held by the philanthropic trust and the family owns one-fourth of the stake (Economic Times Sept. 2014). This itself states the values and the vision of Tata Group. Here are some key aspects of the ethical practices of the Tata Group: are as follows:

TATA Groups Initiatives to deal with unethical conduct

Tata Steel sacks 38 employees for breaking the company's code of conduct. Out of its 38 employees, 35 were suspended for 'unacceptable practices bordering on ethical issues' and the other three for sexual misconduct. In TCS 6 employees were terminated for accepting favors from certain staffing firms in the appointment of contractual workers and a scam worth Rs. 100 Crore (The Economic Times, July 2023). The Chairman of TATA Group N. Shekharan stated the intolerance towards unethical conduct by anyone in the TATA group and mentioned the immediate actions against it. TATA believes in its commitment to social responsibility and sustainability

Infosys Ethical Practices

Infosys, a global IT services and consulting company based in India, has been widely recognized for its strong commitment to business ethics and corporate governance.

Appropriate action in response to complaints

Transparency and Financial Reporting: Infosys has maintained a high level of transparency in its financial reporting and disclosures. The company adheres to accounting standards and corporate reporting guidelines, ensuring accuracy and reliability in financial statements.

Talent Management and Employee Welfare: The company places significant importance on employee welfare, offering competitive compensation, training, and development opportunities. Infosys' commitment to diversity and inclusion is evident through its policies and practices.

CSR Initiatives: Infosys has been actively engaged in corporate social responsibility initiatives that focus on education, healthcare, environmental sustainability, and community development. The company's efforts align with its ethical values and sense of responsibility towards society. Infosys ensures compliance with relevant laws and regulations in all the countries where it operates. As a global company, Infosys adheres to consistent ethical standards across its operations worldwide. The company respects the cultural diversity and local regulations of each country while upholding its core ethical values.

Incidents of Unethical Conduct at Infosys: Infosys CEO accused of unethical practices. Whistle-blower group complained to U.S. SEC, board; says Parekh trying to boost profit via unfair means. The whistle-blower group has allegedly complained to the U.S. Securities and Exchange Commission (SEC) and the Infosys' board that CEO Salil Parekh was indulging in "unethical practices" to boost short-term revenue and profit. (Dec. 2021). The other case of Mr. Paneesh Murthy was accused of sexual harassment case in the US. The company's price fell by 6.6%. The founder Mr. Narayan Murthy has completely denied to support Paneesh. It shows Mr. Narayan Murthy's commitment to the ethical conduct

RELIANCE:

There have been some allegations and controversies surrounding Reliance Industries Limited (RIL), an Indian conglomerate, regarding unethical business practices. It is essential to note that allegations are not equivalent to proven facts, and some of these issues might have been addressed or investigated by the authorities. There was a

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case of a drink and drive by a female employee of Reliance, who had the drink party with her senior and then her car crashed into a taxi. After this incident, the company issued an advisory to its employees by asking them to not drink and drive (ET, June 2015) along with this Securities and Exchange Board of India (Sebi) on Friday passed an order against Reliance Industries, the country's second most valuable firm, asking it to disgorge Rs. 447 crores (Rs 4.47 billion) made illegally, along with interest of 12 percent per annum since November 2007 (Rediff News March 2017). Reliance Industries always came in the radar of media and regulatory bodies due to various scams like the 2000 crores stock market scam, Reliance KG Gas scam, NICl scam, and Violation of Revenue Act.

Below are some instances where Reliance Industries has faced criticism for unethical business practices:

Insider Trading Allegations: In the past, there have been allegations of insider trading against Reliance Industries. These accusations suggest that individuals with privileged information might have used it to gain an unfair advantage in the stock market. However, it is essential to recognize that such allegations are subject to legal investigation and might be challenged in court.

Anti-Competitive Behavior: There have been instances where Reliance Industries has faced accusations of anti-competitive behavior. Some critics argue that the company's dominant market position in certain industries might have led to unfair business practices, such as predatory pricing or stifling competition.

Environmental Concerns: Reliance Industries has faced criticism over its environmental practices, particularly related to its petrochemical and refining operations. Concerns have been raised about pollution and its impact on local communities and ecosystems. Some activists have accused the company of not adequately addressing environmental issues.

NESTLE:

Nestle was found guilty in contravention of the Infant Milk Substitutes under Feeding Bottles and Infant Foods (Regulation of Production, Supply, and Distribution) Act, 1992 (the IMS Act) for conducting clinical trials on 75 premature babies in hospitals for substitution of breast milk [2019]. The company claimed that its baby milk formulas as being inspired by human breast milk. The second instance of High levels of lead and monosodium glutamate (MSG) was found in Maggi in Uttar Pradesh. This was very high compared to the standards prescribed by FSSAI. Along with this company was found guilty of contamination in their baby food supplements.

Nestle was also involved in issues related to employment aspects like child labor, denying employees to form unions, as well as environmental sustainability issues like illegal extraction of groundwater in a few countries, etc.

AMAZON:

Amazon, the multinational technology and e-commerce company, has faced both praise and criticism regarding its ethical conduct. It is essential to note that business practices and ethical considerations can evolve over time, and new information may have emerged since then

AMAZON has a customer-centric approach. It contributes towards environmental sustainability by reducing its carbon emission. It also contributed to more philanthropic organizations by providing donations. Apart from these the company also has some criticism against it in the following areas.

Labour Practices: Amazon has faced criticism regarding working conditions in its fulfilment centres. Some employees have raised concerns about strenuous working hours, unrealistic productivity expectations, and limited break times.

Unionization: The company has faced resistance to unionization efforts from some workers who seek collective bargaining power and improved working conditions.

Market Dominance: Critics have raised concerns about Amazon's market dominance, alleging anticompetitive practices that may stifle competition and harm smaller businesses.

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Data Privacy: Amazon's handling of user data has been scrutinized, raising concerns about data privacy and potential misuse of customer information. As with any company, Amazon's ethical conduct should be critically assessed based on transparent information, independent assessments, and evolving corporate practices.

CONCLUSION:

Overall it is found that there are few organizations who are concerned about their business conduct and ethical practices, like TATA Group, Infosys from India, and Microsoft a foreign organization. Whereas, other organizations like Nestle, Amazon, and Reliance have some issues related to ethical business conduct in regard to their business operations, treatment of employees, and use of technology. However, they try to resolve them on a priority basis, still, the organization's values, objectives, and strategic plans may either allow them to manage ethical conduct or vis a vis. The organization's ethical conduct helps businesses to grow and sustain in a longer duration. It helps create a brand image on an international platform. Hence businesses have to be very careful about their ethical conduct

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