BUSINESS ETHICS & ETHICAL LEADERSHIP IN THE AGE OF GLOBALIZATION

DR. SUBHASH CHANDRA

Abstract: The world has been transformed into global village. At present we are living in the age of corruption materialism & greed also known as age of global crisis – global financial crisis, global environmental crisis i.e. global warming & climate change; social & cultural Crisis due to the process of globalization
The world has witnessed dramatic changes in the 20th century .The present world is faced with many urgent problems - such as economical, educational, environmental political, social & cultural problems due to values deteriorations. Environmental problems that threaten the future of the world and the humanity became one of the most important matters in 21st century & in new millennium. The recent financial crisis has highlighted the challenge of establishing stability and growth in the face of global recession. It has also brought into focus the critical importance of the business ethics in leadership styles and strategies to face the challenges of 21st century, In this turbulent and globalized corporate environment of increased complexity and global competition, what is required most is 'Business Ethics & Ethical Leadership for sustainable future " for surviving , growth stability and managing 3Ps - profit , people & planet Human values are eroding at very fast rate resulting in declining the quality of education. At the dawn of the new millennium, what is required most is "Business Ethics & Ethical Leadership" in 21st century. The Paper on "Business Ethics & Ethical Leadership in the age of globalization is based on a spiritually guided holistic approach of sustainable human development. HR managers & leaders are the key drivers for the attainment of growth, stability and sustainable future.
The paper is an effort to explore the importance of Business Ethics and need for Ethical Leadership in the age of globalization in 21st century. The paper also tries to explore how human values & ethics can best contribute to sustainable development and developing an organizational sustainability . What are the principles are required to achieve the objective of Triple Bottom Line- 'Managing People, Planet & Profit' in 21sr century ?

Keywords: Globalization, Business Ethics & Ethical Leadership and 'Managing 3Ps People, Planet & Profit' in 21sr century ?.

1.0   Introduction: Globalization & Mega Challenges in 21st Century: "The most important single ingredient in the formula of success knows how to get along with people." – Theodore Roosevelt
The world economic order is changing rapidly due to advancement of science and technology. The world has been transformed into a global village. The recent financial crisis has highlighted the challenge of establishing stability and growth in the face of global recession. It has also brought into focus the critical importance of the ethical dimension in leadership styles and strategies, since the financial crisis emanated at least in part from a breakdown in responsible and ethical behavior.

1.1   Globalization & Mega Challenges in 21st Century: Present global scenario is distinguished by high levels of turbulent changes, global corruption, uncertainty and global competition. A global corporation views the whole world as one market. Because of the globalization, business world in India & abroad faces the mega challenges: challenge of survival & stability; challenge of change & competition; and Challenge of business growth; and customer satisfaction.
In the 21st century with the increasing corruption, global competition , increasing customers expectation and the decreasing human values & ethics have resulted in the growing needs of business ethics and ethical leadership not only in the context of organization but also to individuals and society..

- The biggest agenda of 21st century is 'How to survive & grow in the age of corruption, competition and customer satisfaction.?
- How to face the challenges of 21st century i.e. 3-Cs: change, competition and corruption?'
- The world has witnessed dramatic changes in the 20th century. Today's workforce does not accept the autocratic style often adopted by leaders following historical models of leadership. Leaders now need to manage and lead an "empowered" workforce and go beyond the consultative, co-operative and democratic styles of today. In the turbulent and globalized corporate environment of increased complexity and speed, traditional governance styles based on unrestricted risk- and profit-taking in corporate boardrooms seem to be giving way to new approaches that are more responsive to broader societal interests. Stronger regulations are being instituted for greater oversight and alignment between corporate and social objectives.
- Does your leadership approach inspire positive change?

- How can we nurture ourselves and our teams in the midst of turbulent and divisive change & competition ?
- How can we create values based ethical organizations that innovate and renew, yet respect their environment?
- How can we achieve bottom-line results while fostering a culture of trust and collaboration?
- Now is the time for us to come together and plan how we can build a sustainable future, and bring peace and prosperity to mankind. Human values and ethics need to be the core of human development and also organizational development.

Today HR Leadership is standing at crossroads which road will we take?

1. 1.   Road of Materialism only profit oriented (with greed & corruption)? Or
2. Road of spiritualism driven by ethics & values to achieve sustainable future   or organizational development.

Let us take the road of human and ethical values, the road of spiritualism for organizational leadership rather than the road of materialism (self-centered & only profit motto).

2.0   Business Ethics:

What Are Ethics? : Ethics is difficult to define in a precise way. In a general sense, ethics is "the code of moral principles and values that governs to behaviors of a person or group with respect to what is right or wrong"?

Philosophy of Ethics: Ethics (Middle English ethik, from Old French **ethique** (etiquette), from Late Latin Ethica, from Greek Ethika- ethics, or ethikos, ethical, from ethos) means character, Custom, habit, behavior, human conduct or attitudes.

While on the other hand the Latin word "Mores" which is the root of Morality, is almost the synonymous term with the word "ethos.

Ethics, sometimes known as moral philosophy, is a branch of philosophy that involves systematizing, defending and recommending concepts of right and wrong conduct [1]

 "Business"+"Ethics"= Business Ethics: Business ethics is an art or science of maintaining harmonious relationship with society, its various groups and institutions as well as reorganizing the moral responsibility for the rightness or wrongness of business conduct.

- **"Business"** is about value creation and trade & Business is about creating value for stakeholders. At minimum stakeholders are customers, employees, suppliers, communities, as well as shareholders or other financiers.
- **Ethics is:** A set of principles of right conduct, a theory or a system of moral values. It is study of the general nature of morals and of the specific

moral choices to be made by a person; Ethics is a moral philosophy.

Ethics are based on Morals / Values i.e. core beliefs or desires that guide or motivate attitudes and actions. Our morals / values will or should determine how we will behave in certain situations. "Business" is about value creation and trade & Business is about creating value for stakeholders. At minimum stakeholders are customers, employees, suppliers, communities, as well as shareholders or other financiers.

Philosophy of Ethics:

"Ethics", also known as **moral philosophy,** is a branch of philosophy that involves systematizing, defending and recommending concepts of right and wrong conduct [1]

 "Ethics"—that is, concepts such as good vs. bad, noble vs. ignoble, right vs. wrong, and matters of justice, love, peace, and virtue. Ethics always works at two levels: personal and interpersonal. Business ethics is "an art or science of maintaining harmonious relationship with society, its various groups and institutions as well as reorganizing the moral responsibility for the rightness or wrongness of business conduct".

2.1   Business   Ethics   &   Organizational Sustainability:

What are business ethics and sustainability? : Business ethics means 'taking the right course'. Acting ethically takes into account all the factors of doing business. These include production, business processes, and the company's behaviour with its customers and the communities in which it operates. It is about doing the right thing in everything the company does.

Importance of Ethics in Business

Ethics is important not only in business but in all aspects of life because it is the vital part and the foundation on which the society is build. Ethics is the soul of the business.

From a business perspective, sustainability has been defined as a "company's ability to achieve its business goals and increase long term shareholder value by integrating economic, environmental and social opportunities into its business strategies" (Symposium on Sustainability, 2001)

Business   +Ethics   +   Sustainability   = Organizational Sustainability : From a business perspective, sustainability has been defined as a "company's ability to achieve its business goals and increase long term shareholder value by integrating economic, environmental and social opportunities into its business strategies" (Symposium on Sustainability, 2001)

Sustainability—balancing social, environmental, and economic factors for short and long-term performance—is a critical issue for the world and for business.   As   we   enter   the   21st   century,

"sustainability" has become a critical issue for the world and for business (Anderson, 1998; Hawken, et al., 1999; Prahalad & Hammond, 2002; Scientific American, 2005; UN Global Compact, 2004).

Although the term "sustainability" means different things to different people, in essence it is concerned with "meeting the needs of people today without compromising the ability of future generations to meet their own needs" (World Business Council for Sustainable Development, 2005).

2.2 Philosophy of Development Ethics : A relatively new field of applied ethics, development ethics is ethical reflection on the ends and means of socioeconomic change in poor countries and regions, development in poor countries often confront moral questions in their work.

Development philosophers and other ethicists formulate ethical principles relevant to social change in poor countries, analyze and assess the moral dimensions of development theories and seek to resolve the moral quandaries raised in development policies and practice American philosophical debates about the ethics of famine relief; and Paul Streeten's and Amartya Sen's approaches to development recommends that the moral dimension of development theory and practice is very important in 21st century.

Amartya Sen argues that "development should be understood ultimately not as economic growth, industrialization or modernization, which are at best means (and sometimes not very good means), but as the expansion of people's 'valuable capabilities and functioning's' 'what people can or cannot do, e.g., whether they can live long, escape avoidable morbidity, be well nourished, be able to read and write and communicate, take part in literary and scientific pursuits, and so forth' (Sen 1984, p. 497; see Nussbaum and Sen 1993 and Nussbaum and Glover 1995)" [8]

Human values (cultural, moral & spiritual values) are eroding at very fast rate resulting in declining the quality of life of the people. Ethics & sustainability has always played a vital role in organizational development & sustainability, environmental sustainability and cultural sustainability.

Our world is at a point of change. There is the greater need for a new type of leadership, especially in business as it has such a big influence in today's world. HR managers & leaders are the key drivers for the attainment of green economy & sustainable development. At the dawn of the new millennium, what is required most is '**Ethical leadership** for business excellence & sustainability.

3.0   Ethical leadership for Organizational Sustainability: Triple Bottom Line- 'Managing People, Planet & Profit'.

Ethics is important not only in business but in all aspects of life because it is the vital part and the foundation on which the society is build. Ethics is the soul of the business.

Ethics & Corporate social responsibility : Ethical decision-making and leadership are the basis of ethical organizations & corporate social responsibility. Ethical principles provide the foundations for various modern concepts for work, business and organizations, which broaden individual and corporate priorities far beyond traditional business aims of profit and shareholder enrichment. Ethical factors are also a significant influence on institutions and public sector organizations, for whom the traditional priorities of service quality and cost management must now increasingly take account of these same ethical considerations affecting the commercial and corporate world.

3.1   Developing Ethical leadership skills in 21st Century: The Role of Ethics and Values Ethics and Values play a very important role in personal excellence & in business excellence. Ethics and values give us anchors; stakes in the ground. They empower and inspire us. They lead to everyone pulling in the same direction. In short values and ethics can drive business strategy Developing leadership skills is essential to any organizations success and developing good leadership is one of the major challenges facing businesses today.

What are the Key Values of Ethical leadership? Key Values of Ethical leadership embraced in a business context includes Trust , integrity, honesty, accountability, quality, cooperation, service, intuition, trustworthiness, respect, justice, and service.

3.2 Seven Principles of Ethical leadership for Organizational Sustainability :

How to create an Ethical Organization ? : There are seven principles of Ethical leadership to create an Ethical Organization for achieving organizational Sustainability

1. **Be Trustful:** Trust is the first principle of Business growth & Sustainability as customers want to do business with a company they can trust; when trust is at the core of a company, it's easy to recognize. Trust defined, is assured reliance on the character, ability, strength, and truth of a business.

2. **Keep An Open Mind:** For continuous growth & development improvement of a company, the HR leader of an organization must be open to new ideas. Ask for opinions and feedback from both customers and team members and your company will continue to grow.

3. **Be Respectful:** Treat others with the utmost of respect. Regardless of differences, positions, titles,

ages, or other types of distinctions, always treat others with professional respect and courtesy.

4. **Having Integrity.** Integrity denotes character, strength and stability. It means taking the high road by practicing the highest ethical standards. Demonstrating integrity shows completeness and soundness in your character and in your organization.

5. **Be honest & meet Obligations:** The old adage, "honesty is the best policy" is true today more than ever .Regardless of the circumstances, do everything in your power to gain the trust of past customers and clients, particularly if something has gone awry. Reclaim any lost business by honoring all commitments and obligations

6. **Be Responsible.** Blaming others, claiming victimhood, or passing the buck may solve short-term crises, but refusal to take responsibility erodes respect and cohesion in an organization. Ethical people take responsibility for their actions. Likewise, actions show the ability to be responsible both in the little and big things. Honesty, Integrity & Responsibility are the three main pillars of Organizational Business sustainability.

7. **Be Ethical** - Good ethics should be most noticeable at the top. Every employee must be accountable to the same rules. A corporate values or ethics initiative must be "sold" and "marketed" aggressively throughout a company for organizational sustainability.

Conclusion: Ethical Leadership for service to Humanity

· **Values & Ethics for Sustainable Future: Seven Sins of development Ethics** Gandhiji advocates Values & Ethics, for achieving organizational sustainability and holistic Sustainable development, described the seven social sins for the organization & society:

1. "Wealth without work,
2. Pleasure without conscience;
3. Knowledge without character,
4. Business without Ethics;
5. Science without Humanity,
6. Religion without Sacrifice and
7. Politics without Principles are deadly Sins." Gandhi Ji said

To conclude Ethics, Values & Integrity are the three main pillars of organizational Business sustainability. Ethics & cultural values play an important role in developing the society & the nations this 21st century.

References:

1. *Ramnath Srinath,* Examining Factors Which influence Repurchase intention For Walk-in Customers At Ikea, Bangkok; Business Sciences International Research Journal ISSN 2321 – 3191 Vol 3 Issue 2 (2015), Pg 56-60

2. Kidder, Lobaton (2003). How Good People Make Tough Choices Rev Ed: Resolving the Dilemmas of Ethical Living. New York: Harper Collins. p. 63. ISBN 0-688-17590-2

3. What is Sustainability? http://en.wikipedia.org/wiki/Sustainability

4. Anderson RC (1998). Mid-Course Correction, VT: Chelsea Green.

5. Imran Sayed, A Study on the Relationship Between Consumer; Business Sciences International Research Journal ISSN 2321 – 3191 Vol 2 Issue 1 (2014), Pg 78-80

6. Hitchcock D & Willard M (2006). The Business Guide to Sustainability: Practical Strategies and Tools for Organizations, London: Earthscan.

7. Prahalad CK & Hammond A (2002). "Serving the World's Poor, Profitably," Harvard Business Review, September: 48-57.

8. Arijit Maity, ,Purchase Behaviour of Customers of Cement: A; Business Sciences International Research Journal ISSN 2321 – 3191 Vol 2 Issue 1 (2014), Pg 112-120

9. Symposium on Sustainability – Profiles in Leadership (October 2001). New York City.

10. The UN Global Compact (2004). "Embedding Human Rights in Business Practice."

11. Vosburgh RM (2006). "Articles," Human Resource Planning 29(1):12–14.

12. *Dr.Smriti Verma,* Constituents Of Employee Branding: A Study Of Indian Banks; Business Sciences International Research Journal ISSN 2321 – 3191 Vol 3 Issue 1 (2015), Pg 123-126

13. World Business Council for Sustainable Development, University of Cambridge

14. Gandhi's Vision and Values www.swaraj.org/visionandvalues.htm Gandhi's vision for free India, even the struggle for independence, explicitly … Bose', quoted in Iyer, Moral and Political Writings of Mahatma Gandhi

15. Programme for Industry (2005). "Driving Success: Human Resources and Sustainable.

Prof. (Dr.) Subhash Chandra
Associate Professor.(Hon.), Intercultural Open University (IOU), NL
President GHA & Chairman Board, Global Harmony Association (GHA) India.