

Ethics and Corporate Culture

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Abstract

Ethics is all about rules governing the in which determine what is right or wrong, good or bad? Corporate culture is a system of shared assumptions, values and beliefs, which governs how people behave in organization. The challenging era has raised the need to study the relationship between both. The purpose of the research is to study the extent to which ethics and corporate culture relates with each other and how they varies between different organisations at global level. This study has been conducted with the help of secondary data obtained from books, journals and internet. It consists of qualitative basis of information. It was found that ethics and corporate culture has a very indispensable role in the success of a organization and helps business to stand in competition. Also the culture, values and ethics of the organization varies organization to organization.

Keywords: Corporate culture, Ethics

Introduction

In the era of globalisation, there is a cut throat competition among the organizations. To survive in this type of competitive environment and to grow, the companies face various moral issues and challenges. Human assets are the sine-quo-non of the progress for a company. So, the companies need to manage their human resources efficiently and with humanly behavior where the ethics, values and organization culture plays a great role. This paper studies the possible relationship between ethics and corporate culture. How they impact each other and the necessity of presence of them in any organization. This paper will focus on corporate culture as it is often considered to be both a source of various problems and the basis for solutions and is certainly a factor that determines how people behave in an organization.

Employees who belong to different cultures work in the MNCs. Now here it becomes a challenging task for management to manage these cross-cultural aspects. The role of management is to act as a role model for the employees and can also directly influence the behavior and culture. Of course there are better methods that management can use to incorporate ethics into the corporate culture or increase the likelihood that its employees will act ethically. The researchers have studied the ethics and corporate culture in different countries such as Sweden, Germany, Japan, Yugoslavia and United Kingdom (U.K).

Objectives of the Study

- To study the relationship between ethics and corporate culture
- To study the varying ethics and corporate culture in Yugoslavia, Sweden, Japan, German and United Kingdom.

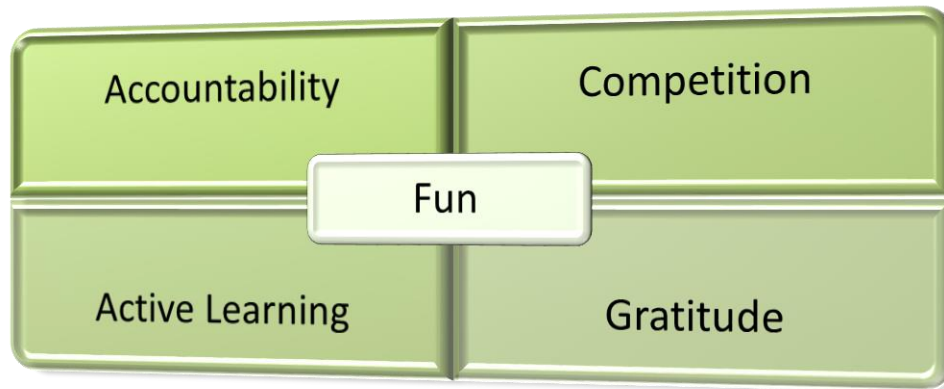
Relationship between Ethics and Corporate Culture

Organisation Culture

A culture is a way of life of a group of people--the behaviors, beliefs, values, and symbols that they accept, generally without thinking about them, and that are passed along by communication and imitation from one generation to the next. Culture is symbolic communication. Some of its symbols include a group's skills, knowledge, attitudes, values, and motives. The meanings of the

symbols are learned and deliberately perpetuated in a society through its institutions. Corporate culture is a system of shared assumptions, values and beliefs, which governs how people behave in organization. These shared values have a strong influence on the people in the organization and dictate how to dress, act and perform their jobs.

Five Pillars of Organisation Culture



- ✓ Accountability: an environment that promotes transparency and is responsible for results.
- ✓ Competition : an environment that encourage a passion for winning.
- ✓ Fun : an environment that is enthusiastically engaged.
- ✓ Active Learning : an environment that encourage personal and professional development.
- ✓ Gratitude : an environment that expect each person to be thankful for life's experiences and to win with others, not at their expenses.

Ethics

Ethics is all about rules governing the in which determine what is right or wrong, good or bad? Our actions and decisions explain our ethics that we follow. How an individual performs his profession and performs his job tells about the ethics. Ethics may vary from person to person as it depends upon the psychological setup. It is a subjective topic. The Golden Rule or law of reciprocity is the principle of treating others as one would wish to be treated. It is a maxim of altruism seen in many human religions and human cultures. The maxim may appear as either a positive or negative injunction governing conduct:

- One should treat others as one would like others to treat oneself (positive or directive form).
- One should *not* treat others in ways that one would *not* like to be treated (negative or prohibitive form).
- What you wish upon others, you wish upon yourself (empathic or responsive form).

Definition

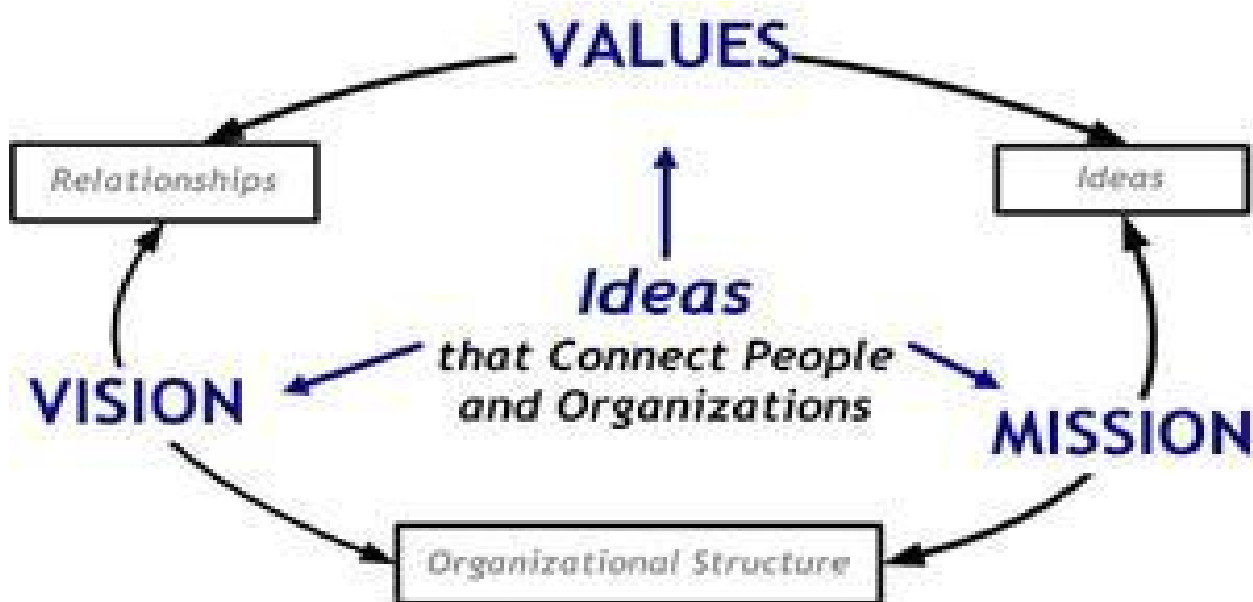
‘Ethics is knowing the difference between what you have a right to do and what is right to do’
(Potter Stewart)

Code of Ethics

Code of ethics refers to the guidelines which drives the associates towards achieving organisations' mission and vision. An organization's code of ethics can be defined as "a statement setting down corporate principles, ethics, rules of conduct, codes of practice or company philosophy is concerning responsibility to employees, shareholders, consumers, the environment, or any other aspects of society external to the company". RFRNC

Organisation Values

Values are your core beliefs and principles. They define why you carry out your mission, the way you do and help develop strategic objectives and work plans



To grow in their jobs and careers the employees need to have a good environment with a positive culture. An organization with an **ethical culture** provides a culture that promotes ethical behavior among the members of the organization. **Unethical behavior** is any activity by a member of an organization that does not conform to the standards set by the culture of that organization.

The positive and negative culture of the organization is affected by two aspects: the strength of the culture and the content of the culture. Strong culture means it has values and standards that are clearly defined and understood by the majority of its members. A strong culture has a greater impact on the behavior of the members of an organization than a weak culture, which has vague and inconsistent guidelines.

Positive and ethical cultures have rules and boundaries that encourage innovation by their members and discourage uncontrolled competition and a win-at-all-costs approach to achieving organizational goals. Managers of organizations with positive and ethical cultures try to help their

employees learn how to become better at their jobs and are concerned with how goals are achieved by the members of their organization; they do not only focus on results. RFRNC

Impact of Ethics on Corporate Culture

- Repulsion from penalties – following proper norms in the organisation facilitates the advantage of avoidance of fees, fines and penalties.
- Robust decision making - appropriately following the ethics reduces the risk of wrong decision to the manager's sop that they may find ethical solutions to their dilemma.
- Competitive advantage – implementing ethics in the organizational culture boosts the profits and goodwill of the organisation which stimulates the investors to be loyal with the company which gives it competitive advantage.
- Boost employee's commitment– when a company forms a ethical culture, the employees feel attached and an essential part of the company. They become ready to sacrifice their individual goals and focus on company's goals a whole.
- Serve to the society – By paying proper taxes, providing value for money and maintaining ecological balance, the organisations serves to the society as well.

The Other Side of the Coin

Business ethics reduce a company's freedom to maximize its profit. For example, a multinational company may move its manufacturing facility to a developing country to reduce costs. Practices acceptable in that country, such as child labor, poor health and safety, poverty-level wages and coerced employment, will not be tolerated by an ethical company. Improvements in working conditions, such as a living wage and minimum health and safety standards reduce the level of cost-savings that the company generates. However, it could be argued that the restrictions on company freedom benefit wider society.

Ethics and Corporate Culture in Different Countries

SWEDEN

(Western Europe)

Culture

- It has been renowned for its industrial PEACE.
- Disputes are normally settled between employers and workers.
- They are egalitarian in nature and humble.
- They speak softly and calmly.
- Due to strong leaning towards egalitarianism in Sweden, COMPETITION is not encouraged.

Ethics & Values

- The union membership is higher in Sweden than in any other Western European countries.
- The unions in Sweden have always shown their willingness to accept a high level of responsibility for the national economy.
- This attitude shows the remarkable record of Industrial Peace in Sweden.

YUGOSLAVIA

Culture

- They believe in the principles of Self-Management
- Thus a balance between freedom and responsibility.
- **Trade unions** are responsible for vocational training, political, educational, social and culture uplift and social security of workers.
- Workers participation in Management.

Ethics & Values

- Principle of Integration followed in enterprises, as workers shows their interest.
- Workers has right to choose their environment conditions and material benefits, but only in relation to his responsibilities.
- Reward system.

JAPAN

(Country in East Asia)

Culture

- Most of the Japanese companies make no difference between their staff and labor, nor between blue and white collared employees.
- Both management and workers move forward collectively, and accept each other equal partners.
- There is neither ethnic problem nor struggle among the different religious groups.
- There has been a marked decrease in the number of labor disputes.
- Workers have Union to represent their fair interests and bargain collectively with management on working conditions.

Ethics & Values

- Labor and Management should not be hesitating to take up any matters for discussion.
- Promotion on Merit basis.
- Provide opportunities to young workers.

UNITED KINGDOM

Culture

- Collecting Bargaining.
- They generally, welcome changes and are not afraid of making mistakes.
- Picketing is the common tactic used by trade unions during strikes.
- Pragmatic approach.

Ethics & Values

- Etiquette behaviour of workers.
- They love Teamwork.
- Punctuality.
- Managers usually socialize with its subordinates.

GERMANY

(Western Europe)

Culture

- Labor council & Work council.
- German Management is consensual; managers avoid litigations and prefer to focus on labor interest and good labor relations.
- Time is Money for Germans.
- Germans Work Fewer Hours But Produce More.
- Goal Oriented and Direct Communication is valued.
- They unwelcome the sudden changes in the working environment.
- Germans are considered as Master of Planning.

Ethics & Values

- High Quality and Innovation Orientation.
- Loyalty in German companies is very high.
- Continuous investment in Human resources in the form of vocational training.

Conclusion

In nutshell, it can be concluded that if company wants to escalate their performance it must follow the ethics and corporate culture with full zeal and zenith. The companies at international levels teach the others how to keep their associates satisfied and achieve success.

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