

Business Ethics

5.0 Meaning of Ethics

The word 'ethics' is derived from the Greek word 'ethos' which refers to 'character'. In literature, ethics means a system of moral principles. They influence how people make decision and lead their lives. Ethics is concerned with what is good for individuals and society and it is described as moral philosophy.

5.1 Definition of Ethics

1. According to Webster, ethics refers to **"the discipline dealing with that which is good and bad and with moral duty and obligation"**.
2. According to Hurley, **"Ethics as a system of moral principles"**
3. According to Web sources **"Ethics is a branch of philosophy which seeks to address issues related to concepts of right and wrong. It sometimes referred to as moral philosophy and included Meta ethics. Descriptive ethics, Normative ethics and Applied ethics"** ([www. Alzheimer-europe.org](http://www.Alzheimer-europe.org))

5.2 Business Ethics

A set of principles businessman ought to follow is known as business ethics. In otherwords, a set of moral rules and principles applied to protect the interest of all stakeholders of a business is called business ethics.

A business has various stakeholders. Stakeholders are parties who have stake (interest) of their own in the business.

For example customers, employees. Creditors, lenders, investors, government, employees, society etc. are stakeholders and have their own stake in the business. Protection of stake is important to a business. Stake is protected only when morals and principles are applied while conducting business. Thus, business ethics is the application of moral rules and standards to safeguard the interest of all stake holders while conducting business.

5.2.1 Definitions of Business Ethics

1. According to the meaning given in investopedia, **“Business ethics is the study of proper business policies and practices regarding potentially controversial issues such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities”**.

From the above definition it is clear that business ethics is an applied ethics. That means morals and standards applied while conducting business activities. In short, business ethics implies conducting business with a human touch in order to give welfare to the society.

2. According to Investopedia, **“the system of moral and ethical beliefs that guide the values, behaviours and decisions of a business organization and the individuals within that organization is called Business Ethics”**.

5.3 Ethics in Business

Morals and standards are needed not only to individuals but also to business organizations. A person with morality is honoured and appreciated in the society. Similarly, a business organization following morals and standards has a unique position and it is appreciated by the society. Therefore, a business has to follow sound business practices to live among the people.

As we know that a business is a part of the society. It cannot function in isolation. It will take birth in the society, carries its activities in the society and lives in the society. It produces goods and services for the society. The goods and services are sold in the society and money is earned out of it. Besides this, it enjoys a host of privileges conferred by the government in the form of tax concessions, rebates, reductions etc. Therefore it should adopt morals and standards in its activities. It should be honest and fair towards society and government otherwise society will reject it and the laws will punish it. Application of ethics in business will save the organization and it ensures long term existence.

5.3.1 Ethics in Business – Examples

A business organization has to apply morals and standards in all its activities. A business without ethics is thrown out of the society because its stakeholders are educated, intelligent and aware of their rights.

1. Ethics in the books of accounts maintenance
2. Truth in Marketing
3. Integrity in Management
4. Commitment in consumer service
5. Personal integrity
6. Integrity in product

1. Ethics in the books of accounts maintenance :

Shareholders, customers, creditors, employees, the government etc. are the major stakeholders of any business. They expect cent percent transparency and honesty in keeping the books of accounts. Entries even by oversight do not mislead them. If the entries in the books are not accurate, they fail to give appropriate results of the business. Therefore investors and creditors are not able to take proper decisions.

2. Truth in Marketing :

A business has to show ethics in its marketing activities. It should produce quality goods and assure that there are no deceptions in selling. It should satisfy consumers according to assurance given in advertising. It should ensure reality and promptness in its dealings.

3. Integrity in Management :

A business should apply ethical principles in all spheres of its management. A business has various departments in which large number of persons are working. It has to show concern while dealing with the persons working in each department. It has to resolve issues peacefully and justifiably without unduly affecting the personal interest of any employee.

4. Commitment in consumer service :

Consumers are the backbone of any business. His satisfaction supports and dissatisfaction deteriorate the business image. A business should remember the slogan "Consumer is the King". Every business is required to ensure reliable and honest services. Consumer loyalty builds goodwill. Business will be appreciated as long as they maintain loyal consumers. In order to build loyalty among consumers, services should be efficient and satisfactory. Therefore businesses have to adopt ethics in business practice. They should ensure continuous, honest and reliable services to consumers.

5. Personal integrity :

Promoters, partners or proprietors of business organisations have to ensure transparency, honesty and commitment in their dealings. The business decisions plays a vital role in deciding the future of a business. Deceptive decisions will destroy the existence of a business. The better example is Satyam computers. Many corporate undertakings have failed not because they failed

to satisfy their customers but because of corrupt practices followed by their promoters.

6. Integrity in product :

Product content and features in no way hurt the health of consumers. Spurious products will affect the health, non-hygienic food products seriously affect consumers. Besides these, business should ensure reliability in weight and measurements. Professional service providers, such as advocates, doctors, auditors, hoteliers, transport operators etc. too should ensure quality and reliable services to retain goodwill and these ensure long term existence of business. Therefore ethics in business is important.

5.4 Social Responsibility of an Entrepreneur

An entrepreneur has to discharge various responsibilities towards different stake holders of business. The important among them are illustrated below :

1. Responsibilities towards customers :

Customers support the business since they purchase and consume the goods and services produced by an entrepreneur. Therefore, he should protect their interest. The responsibilities of an entrepreneur towards them include the following :

- a) To offer the good quality goods and services.
- b) To offer the goods and services at reasonable prices.
- c) To provide pre-purchase and post-purchase services.
- d) To undertake/support research and development to meet customers' new requirements.
- e) To provide necessary and sufficient information about goods and services.
- f) To smoothen distribution system.
- g) To ensure continuous supply of goods and services.

- h) To listen to the grievances of customers and address them properly.
- i) To increase productivity & bring down cost of production to sell goods at reduced prices.
- j) To ensure reality in advertising, marketing and product promotion activities.

2. Responsibilities towards Suppliers

Entrepreneurs' responsibilities towards suppliers are given below :

- a) To maintain a healthy and co-operative inter-relationship between suppliers.
- b) To provide accurate and relevant information.
- c) To pay the price of supplies promptly as per agreement.

3. Responsibilities towards Government

Entrepreneur's responsibilities towards the government are given below :

- a) To abide by the laws of the land
- b) To pay taxes honestly
- c) To avoid corruption
- d) To encourage fair business
- e) To avoid monopoly
- f) To co-operate with the government to promote research and development
- g) To help the government to remove regional imbalances.
- h) To make TDS while distributing / disbursing income or salary.
- i) To curb unethical business practices.
- j) To support the government to build healthy and strong nation.

4. Responsibility towards society

Entrepreneur's responsibilities towards society includes the following:

- a) To help the weaker and backward sections of the society.
- b) To preserve and promote social values.
- c) To generate more employment.
- d) To protect the environment and conserve natural resources.
- e) To promote sports and culture.
- f) To provide financial assistance to develop research, education, medical science, technical education etc.
- g) To prevent environment pollution.
- h) To help to control inflation in the economy.
- i) To establish industrial units in economically backwards regions to improve economic status.
- j) To create awareness about the importance of education, primary health, family planning and try to implement public plans.
- k) To keep away from anti-social activities.
- l) To help to maintain ecological balance
- m) To improve business operations.

5.5 Self – Employment

According to Cambridge English Dictionary, **‘People who do not work for an employer but have their own business or find work for themselves are said to be self employees’**.

According to the above definition, a person is said to be self employed when he work for himself and do not work for an employer.

Self employed persons have more working opportunities for their livelihood and growth. For example, they can take up any kind of profession or vocation according to their own interest and qualifications or can engage in any kind of trading activities.

According to the sources from Wikipedia, **“Self employment is the state of working for oneself rather than an employer”**.

Dharmasthala Dharmadhikari, Padmabhushan Dr. Veerendra Hegde too has emphasized upon self employment rather than employment. **“Instead of Writing some one else’s account through wage employment, after three to five years of collegiate education, it is more meaningful to write one’s own account by embarking upon some self-employment.”** He advised the youth to take up self employment instead of working for others. The inspiring words are more relevant to the educated youths of our country.

5.5.1 Advantages of Self Employment

Self employment generates various advantages. Such advantages are not enjoyed by employed persons, because there is no scope for flexibility, creativity and self judgment. The major advantages from self-employment are listed below :

1. A self employed has no boss.
2. More opportunities to earn money.
3. Provision for executing variety of projects.
4. Option for retirement savings.
5. High risk, high reward.
6. No limit on taking leave, sick leave.
7. Quick decisions.
8. No dress code, no fixed timings of entry and exit.

9. Flexible working hours, flexible working schedule.
10. Flexibility in selecting customers.
11. Option to select the areas of work or service.
12. High social status, recognition and rewards for hardwork.
13. Unlimited income potential.
14. Government support, incentives, tax benefits and concessions.
15. Self satisfaction.
16. Use of potential skill, capacity and knowledge.
17. Development of crises management capacity.
18. Improved quality of life.
19. Sense of pride.

5.2 Recent trends in the areas of self-employment

There are large number of self-employment opportunities opening for educated youth during these years. Persons with experience, relevant knowledge, educational qualification and proper training can engage in a profession of his choice. There are institutions which offer education and training to take up self employment. They also awards degrees / diplomas to take up self employment. The government also supports the efforts of persons who are willing to take up profession. Various government schemes, capital subsidy, interest subsidy, marketing assistance, supply of inputs etc. are made available to such persons under various government schemes.

More popular self employment business ideas originating during these days include the following :

1. Craft business
2. Catering business
3. Organic mush-room growing

4. Raising chickens
5. Beekeeping business
6. Bakery
7. Consulting services
8. Mortgage brokers
9. Real estate agents
10. Lawn care services
11. Online business
12. Academic touring services
13. Giving music lessons (guitar, piano etc.)
14. Teach an online course
15. Foreign language translation service
16. Construction business
17. Jewellery marketing
18. Selling video games
19. Interior & exterior decorators
20. Retail sales
21. Transportation, courier service
22. Party planning, or event planning
23. Wedding planning
24. Book keeping services
25. Computer / Mobile repair service
26. Web designing
27. Graphic design
28. Greeting card business
29. Fashion business
30. Marketing
31. Advertising

32. Blogging
33. Pizza shop
34. Gym
35. Medical transcription
36. Tax preparation
37. Cookie business
38. Laundry services
39. Door delivery of goods
40. Car rental services
41. Concierge business
42. Party rental
43. Swimming pool cleaning & maintenance
44. Plumbing service
45. Magazine publishing
46. Career counseling
47. Agriculture
48. Green house business
49. Restaurant owning
50. Printing business
51. Storage business / ware housing
52. Mail order business
53. Event planning
54. Security services
55. Senior care business
56. Massage business
57. Beauty Parlour business
58. Insurance agency

- 59. Pet store
- 60. Dry cleaning
- 61. Broking

5.3 Event Management

Introduction :

Many people doesnot know how the national or international level sports events, Cultural events, political meet, corporate meet, exhibitions, shows, conference, trade fairs etc. are conducted. All these programmes are not conducted single hand or within a short span of time. Each program requires the efforts of many experts and organizations. Large number of persons will work continuously right from the conception of the idea till the idea is practically executes. Many service providing agencies and architects also join their hands to support the event. Thus, an event is an organized activity of many people and other stakeholders. Take for example, if you want to conduct a sports tournament, you have to consider the various points. Important among them include the following :

- * Selecting and deciding the type of tournament
- * Selecting the date and sponsors
- * Choosing the venue, means of transport
- * Assembling the supplies for tournament
- * Advertising the tournament
- * Finalising medals awards, certificates etc.
- * Officials and referee selection
- * Booking accommodation, caterers and accxillary service providers.

- * Seating arrangements at the spot
- * Safety of guests and other people.

Meaning of an Event

According to the meaning given in a dictionary, the term 'event' refers to "a thing that happens or takes place, especially one of importance" or "a planned public or social occasion". These definitions cover the wider meaning for event, the event may be any kind of ceremonial occasion that takesplace according to people's expectations.

Event is generally understood as an occurrence or something that happens. It is a specially designed occasion to execute something new and unique from the view point of all those involved in it.

Thus we can summarise the meaning for the term 'event' as under : "An event is a planned and organized occasion for the purpose of executing a specific activity to satisfy specific needs of various stakeholders associated with it".

Examples of some events :

- * Social events - wedding reception, parties, conference
- * Political events - Political gathering
- * Sports events - game events
- * Business events - conferences, meetings

5.3.1 Event Management

Event Management is the process of planning, organizing, staffing, co-ordinating and controlling the various activities relating to an event for the satisfaction of stakeholders involved in it. **For example**, in case of a sports event, the various activities to be performed for its success includes - selection of venue, selection of date, stage design, arranging infrastructural facilities,

team and referees' selection, selection of promoters, catering, prize awarding etc. These are arranged sequentially to ensure success.

Areas of Business in Event Management

Event management is gaining more importance during these days. It has opened good prospects for unemployed youth. Unemployed, educated, and young can taken up a profession in event organising in towns and cities. Some areas of business in event management are explained below;

5.3.1 Party organizing :

Party is an event, party organizing has potential for earning livelihood. An individual can become a party organizer in different areas for his clients (or customers). Clients have different choice, preference and outlook about the party they willing to organize. An event organizer can conduct it according to the needs of customers.

A party may be in different forms. It may be a gathering by friends, wedding reception, marriage anniversary, opening ceremony of a show room, opening of a newly built house, product launching event, cocktail party of business partner or the inauguration of any sports event.

Organising a party requires a good lot of time and preparations. Big parties require more time, more preparations and more budgets. Party organizer can take the advice from different experts before arrangements. For example, a marriage party can be arranged within a 2-3 weeks time, similarly, birthday party can be arranged in 2 days time. College anniversary or sports / games party (event) requires 6-8 weeks time. Events requires elaborate arrangements, contracts, publicity etc.

Steps involved in holding a party (event)

Being party or event organizer, you need to prepare for the following steps :

- a) Choose a theme
- b) Make a guest / participants / players list
- c) Determine the date and time
- d) Decide the venue for an event
- e) Decide if an event is to be conducted indoor or outdoor
- f) Make agreements with the suppliers of food, beverages, decorators, venue preparers, cleaning agents
- g) Take permissions from proper authorities, if there is any need to do so.
- h) Decide on the days activities including service.
- i) Informing all stake holders of an event well in advance.
- j) Make agreements with accommodation providers.

5.3.2 Catering

A career in catering is getting importance during these days in cities and towns. It requires exclusive knowledge of how to prepare and service large quantities of food and beverage for special events. Caterers must also know the scope of marketing. A person can acquire catering knowledge by attending to training schools or can learn these skills on the job. Many institutions are offering Hotel and Restaurant Management degrees or diploma certificate courses also.

Requirements of a Catering Career

A caterer supplies food and beverage for clients who are hosting events, such as – wedding, sports, party, conference, corporate meetings etc. A caterer meet with clients to decide upon menus and pricing. Then he is responsible for supplying

the food according to the agreement. To succeed in this profession, a caterer has to supply delicious food, charge competitive price and give good service. If catering is undertaken in large scale, it also requires professionals to perform a variety of other activities, such as –

- * Creating menus
- * Drawing up contracts
- * Following food serving regulations
- * Marketing catering business
- * Managing staff
- * Administration of events.

5.3.3 Wedding Plan

Wedding plan is also one of the self employment opportunities available to people. Infact it has acquired a status of a profession during these days. A wedding planning business can be setup anywhere. It is more profitable if it is started in cities and towns. Wedding planning is also known as Marriage Event Management.

Steps to start wedding planning business

A wedding planning business organizer can operate his business with the following steps :

1. Become a certified wedding planner
2. Name your wedding and event planning business.
3. Register a business name and pay appropriate fee to the registrar.
4. Seek professional advice to build your business legally.
5. Write a business plan to maintain the focus of your business
 - * How much you charge for your services?

- * Who are your competitors & how you are different from them?
6. Promote your wedding planning event business.
 - * Create website
 - * Advertise in print & electronic media
 - * Offer free services to charitable organizations on certain occasions.

5.3.4 Corporate Event Plan

A corporate event is a gathering that is sponsored by a company in order to promote a product / service or to disseminate information to its stakeholders, such as share holders, employees, creditors, customers, prospective clients, government etc.

Examples for corporate events :

1. Product launching event – Introducing new product.
2. Board meetings – Determine strategic goals, vision
3. Award ceremonies – honor and motivate key staff
4. Shareholders' meetings – Elect BOD, discuss corporate issues
5. Trade fairs – to promote latest products
6. VIP events – Increase customer loyalty
7. Business dinners – celebrate milestones / conclude fiscal years / get in contact with key customers.

Planning a corporate event is not an easy task. In order to plan a successful corporate event, the event organizer must first understand the expectations of stake holders. (Company's stakeholders include shareholders, debenture holders, creditors, suppliers, employees, the government etc.) Therefore, corporate event is planned to satisfy the expectations of all such

stakeholders including what the company intends to publish.

In order to keep the stakeholders, event organizers should try to find out speakers who can give justice and contribute towards the theme. Event organizers should not forget the fair treatment of all attendees. They also collect the feedback as and when necessary also.

Steps involved in organizing a corporate event

Corporate event planner has to follow the following steps while organizing corporate events :

1. **Know the details** : For whom, when, why and what kind of event has to be organized.
2. **Decide on the budget** : Before organizing the corporate event, decide the size of the budget. How much is earmarked for expenses and the resources available.
3. **Decide arrangements** : Arrangements about speakers, table arrangements, decoration, security arrangements, cleaning, water etc.
4. **Decide a Venue** : Accommodation permitted, arrangement at the venue. Indoor or outdoor, cost of venue, approach, visibility, accessibility etc.
5. **Find a caterer** : Catering service is important. A caterer is selected on the basis of number and nature of guests attending the event. Depending on the theme catering is decided. For conferences, buffet style is preferred. Waiters & waitresses are decided.
6. **Entertainment** : Arrangements for good entertainment is also one of the requirements for a corporate event.
7. **Schedule and Logistics** : Good logistics to bring the guests, audience and VIPs to the venue and dropping arrangements are made. Logistic should be reliable,

comfortable, convenient, flexible and efficient.

8. **Invitations** : Invitations, their formats, colour, contents, protocol, size, layout arrangements have to be approved by the concerned company. Arrangements have to be made for their courier, post, speed post or sending by hand.

5.4 Tourism

5.4.1 Meaning of Tourism product :

A tourism product can be defined as the sum of the physical and psychological satisfaction it provides to tourists during their travelling towards destination (www.kullabs.com)

A tourist product is a composition of tangible and intangible supplies. They are offered in order to attract large number of tourists. Tourist product satisfies leisure, pleasure, religious or business needs of tourists at one place.

Tourist products are offered in the market for a price. Price is the consideration paid by a tourist for consuming the product. Tourist products helps in mobilising the revenue. Therefore they are efficiently marketed and maintained to earn revenue.

5.5 Classification of Tourism Products

Tourism products can be classified into the following types:

1. Natural Tourism products :

Tourism products created by the nature spontaneously are called natural tourism products. Seal river beaches, islands, mountains, hills, caves, lakes, waterfalls, rivers etc. are a few examples for natural tourism products. For example, beaches of Goa, snow capped mountains of Kashmir, Himalayan mountains, Nandi Hills at Bengaluru, Sharavathi water falls at Gerusoppa, Shimoga, Flora and fauna at Bandipur National park etc. are natural tourism products. They are also known as natural

attractions.

2. Man made Tourism products :

Tourism product built by human efforts are known as manmade tourism products. They are purposefully built to attract large number of tourists. Museums, Zoo, theme parks, palaces, temples, forts, Art gallery, exhibitions etc. Man made tourism products also include customs and traditions of destinations. For example Yakshagana at Dharmasthala, folk dance, classical dance, music, handicraft gallery, fairs, festivals etc. are also manmade tourism products. They are created or built to attract large number of tourists. Tajmahal, Red Fort, India gate, Indus Valley site, National Museum setup in New Delhi, Craft gallery at Channapattna etc. are largely visited manmade tourism products.

3. Site based tourism products

Some places (destinations) are most attractive on account of their natural beauty and importance. They are known as site based tourism products. Large number of tourists visit such destinations. Taj Mahal at Agra, Palace at Mysuru, Sunset at Kanyakumari, Sardar Vallabh bai patel statue on the Bank of Narmada, Natural water falls at Sharavathi etc. are site based tourism products.

4. Event based tourism products :

Events attract tourists to destinations in different forms. They may visit such destinations either as spectators or participants or both. Kite flying at Ahmedabad, Olympic games, Khajuraho dance events etc. are examples for event based tourism products. Tourists can be either spectators or participants (competitors) to these events.

5. Means of accessibility :

Means of accessibility is also one of the tourism products.

Here 'means' refers to a mode by which a tourist can reach the areas where attractions are located. Tourism attractions (place) have no value if they are inaccessible by normal means of transport. This mode may be by road, rail, ship or airways. Therefore various means of transportation are also tourism products. They create utility to the destinations.

6. Accommodation :

Accommodation refers to a place one can live or stay. This place also provides food or other facilities. Good lodging, Hotel and restaurant facilities are also treated as tourism products. Without this facility tourist destination has not much importance.

5.6 E-Marketing as self employment opportunity

E-Marketing is also known by different names, such as – internet marketing, online marketing, web marketing etc. It includes the marketing of goods, services or information over the internet. Its scope is much wider, it not only includes the marketing on the internet but also includes marketing through electronic mail and wireless media.

Electronic marketing blends together the creative and technical aspects of the internet. It also works on advertisements, attracting customers online, and maintaining customers. It receives and provides suggestions, caters to queries of customers and facilitates settlement of transactions through website.

Internet marketing is associated with various business models, such as – B2C, B2B, C2C etc. As we have discussed earlier, e-marketing is economical, more customer friendly, easy accessible, wider coverage and regular and reliable service provider too. E-Marketing also collect data about customer behavior, preferences, needs and buying patterns through web. This helps in price fixation, negotiation, product feature improvement and relationship with customers.

We are living in the digital world. People use the internet for everything. Whether it is buying groceries, electronics, paying bills online, shopping for a gift, planning vacation, reserving, travelling tickets, booking rooms in a hotel, buying cinema tickets etc. People are logging into their laptops, desktops, smart phones, and tablets to conduct their business.

The growing popularity of internet has expanded the scope of marketing. The traditional brick-and-mortar store has transitioned into the online store front. A person can purchase his needs conveniently by clicking a mouse button.

The rising trend of digitising business has created the need for a new kind of professionals. It has opened opportunities in e-marketing field. The demand for knowledgeable digital marketing professionals is growing steadily to meet the requirements.

E-marketing career field has created self employment opportunities in various areas. They include :

- * Online content developer
- * Social media marketing
- * Search engine optimization specialist
- * Brand management
- * Mobile marketing specialist
- * Web designer
- * E-mail marketer
- * Copy writing and editing
- * Video / audio producer.

As per survey, the world is going digital and by the year 2020 all business houses around the world including India will have online business. This will create large number of self-employment opportunities to graduates.

Business progresses everyday because of digitization. Therefore it has to depend upon persons with digital knowledge to expand the scope fo business. This will create good number of career opportunities for e-marketers.

According to the sources, the digital economy is growing 10 times faster than the traditional economy. Firms engage in online trading will seek the support of on-line marketing firms. Thus e-marketing will create good number of self-employment opportunities.

Questions

5 Marks Questions

1. Write a note on business ethics
2. Write a note on Self employment
3. Write a note on Catering business
4. Write a note on Corporate event
5. How do you plan a wedding event?
6. Write a note on natural tourism products
7. Write a note on Man made tourism products
8. Write a note on Site based tourism products
9. Write a note on E-marketing.

10 Marks Questions

1. Define business ethics. Illustrate the situations. Where ethics in business is essential.
2. Discuss the importance of ethics in business.
3. State the responsibilities of an entrepreneur towards customers.
4. State the responsibilities of an entrepreneur towards the government.
5. What is catering? Discuss the requirements of a catering career.