



A sectorial analysis on ethical practices of companies in India: A comparative study

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Abstract

The study tries to endeavour the ethical standards of nifty fifty Companies. In this regard, the companies are divided based on eight sectors. The rationale behind the study is to examine whether the companies are following ethical standards or not. Ethics or moral philosophy is that form of philosophy engaged in organizing, securing, and recommending concepts of right and wrong conduct. The NIFTY 50 Index is well diversified 50 companies index reflecting overall market conditions. NIFTY 50 INDEX is computed using the free flow market capitalisation method. The study found that most of the ethical practices of excellent companies are the same, and some are different. Also, Tata steel is more committed to its ethical practices, whereas the sector-wise power sector is more committed to ethical practices.

Keywords: business, ethics, sector, practices, behavior

Introduction

Ethics or moral philosophy is that philosophy that includes organizing, defending, and advocating good and lousy conduct concepts. The area of ethics, along with aesthetics, concerns a matter of value and thus consists of the limb of philosophy called axiology.

Ethics seeks to solve questions of human morality by defining concepts such as good and evil, right and wrong, goodness and vice, justice and offence. As an area of philosophical study, moral philosophy is also related to moral psychology, descriptive ethics, and value theory.

Three significant areas of study within ethics recognized today are:

1. Meta-ethics, concerning moral arguments' conceptual meaning and reference and how their truth values (if any) can be stated.
2. Normative ethics, concerning the heuristic means of knowing a moral course of movement.
3. Applied ethics, regarding what a person is permitted to do in a specific situation or a particular domain of activity.

Business ethics is one of the essential applications of ethics.

Business ethics is generally coming to know what is right and what is wrong at the workplace and doing what is right- this is in regards to the effects of product and services and relationship with stakeholders.”

There are some principles of Business ethics:

1. **Impartiality:** Impartiality can be described as the principle that decisions should be based on objective criteria rather than bias, prejudice, or preferring to benefit one person over another for improper reasons.
2. **Openness:** Openness is receptive to others, inclusive rather than exclusive. It is welcoming of diversity. It values (not just “tolerates”) others and seeks to discover the gifts and talents of those others.
3. **Confidentiality:** Individuals shall protect the confidentiality of any professional or personal information about persons served professionally or contributors to research and related scholarly activities and may reveal confidential information only when it seems to be necessary to protect the welfare of the person or the community, is legally authorized or is otherwise required by law.
4. **Due Diligence:** Ethical due diligence ethics involves assessing potential employees according to their fit with the organizational culture and values. Such individuals are less likely to conduct business or make decisions in a way that might undermine their organization's ethical standards or reputation.

The study seeks to examine the sector-wise ethical standards of nifty fifty companies in India.

Review of Literature

Forker and Janson (1990) ^[1] advocated the role of ethical practices in purchasing. Primary Data was collected from 236 respondents with the help of a questionnaire composed of six sections. The study results were compared with similar studies and suggested that most purchasing personnel ethically conduct their operations. Also, respondents reported that fewer policies related to ethical standards were issued as compared to previous years.

Sims (1992) ^[2] discussed the challenges of ethical behavior in organizations. further author also studied the role of organizational culture in building a moral climate in the organizations. The author concluded that organizations should ensure that their managers know how to deal with ethical issues, and they should know what things lead to unethical behavior.

Hood (2003) ^[3] studied the relationship between values, leadership styles, and ethical practices in organizations. In the study, four values, namely personal, social, competency-based, and morality-based, were taken for knowing the ethical rules. Primary data was selected from 2000 firms, and it was found that all the values correlate significantly with transformational leadership. In contrast, personal values and morality-based values were positively related to transactional leadership. Further, competency-based leadership negatively relates to laissez-faire leadership.

Helbol, *et al.* (2006) examined the ethical practices across urban and rural communities by surveying 1000 psychologists. Data analysis showed significant differences between urban and rural communities where small-town psychologists encounter multiple relationships compared to their urban counterparts. Also, small-town psychologists were well known in their communities as compared to urban psychologists.

Denison and Avner (2011) ^[5] stated the ethical practices for athlete development to overcome the problem of coaching and determined the need for effective and ethical coaching so that the problem-solving capabilities of coaches can be increased. Further, the authors suggested coaches carefully consider the effects of the problems solved by them.

Research Gaps

The literature review highlighted the gaps in existing studies, indicating a need to survey or understand companies' ethical practices in India. Analyses examined the need for ethical practices in organizations. As per the literature review, no such research is linked with companies. The present study will fulfil this gap.

Objective of the study

Objective of the study is to capture better the ethical practices of different sectors in India comparatively.

Research Design

The study is exploratory-cum- descriptive. Secondary data is collected through journals, newspapers, books, reports, conference papers, websites, etc.

About Nifty Fifty

- The NIFTY 50 Index is well diversified 50 companies index reflecting an overall market condition
- NIFTY 50 INDEX is computed using the free flow market capitalization method. The index can be used for various purposes such as benchmarking fund portfolios, launching index funds, ETFs, and structured products.

1. Ethical Practices (Sector: Construction)

- Compliance with labour practices and human rights.
- High standard of corporate governance.
- Sustainability
- Consumer-focused approach.

2. Ethical Practices (Sector: Automobile)

- Ethical conduct and integrity
- Code of conduct for all
- No personal benefits
- Terms of appointment
- Equal opportunities
- Inclusive growth
- Diversity
- Maintain records
- Work for the interest of the organization.
- Disclosure of all material facts
- Consumer safety
- Zero tolerance for bribery and corruption
- No support to any political party.
- Corporate social responsibility.
- Companies like Mahindra and Tata have an ethical decision tree.

3. Ethical Practices (Sector: Pharma)

- Comply with all the policies, procedures, internal control, and applicable laws.
- Anti-bribery and Anti-corruption.
- Nondiscrimination.

- Protection of confidential information.
- Cipla Ltd. - Go beyond the work that is expected.
- Dr Reddy's lab- We do not promote our product for uses other than approved.
- Lupin Ltd. - Use and protection of information and assets.
- Sun Pharmaceutical – Sexual harassment.

4. Ethical Practices (Sector: Information Technology)

- HCL Technologies- EFCS & Drugs and Weapons
- INFOSYS- The code is more than just words on a page. It's a way of life for infoscian.
- Tech Mahindra- Customer should have confidence in our commitments.
- Wipro- 2016's world's most ethical company.

5. Ethical Practices (Sector: Cement)

- Shall maintain and help the Company sustain the highest degree of Corporate Governance practices.
- Shall maintain the confidentiality of information entrusted by the Company or acquired during their duties and shall not use it for their use or advantage.

6. Ethical Practices (Sector: Metals)

- Contribute to society and human well-being.
- Be honest and trustworthy & practice integrity.
- Shall sustain and help the Company preserve the highest degree of Corporate Governance practices.
- Tata Steel is dedicated to addressing the challenges of sustainability. This means that the company takes responsibility towards both the environment and its communities seriously, appraising these against the need to profit.
- It has put systems in place to meet international standards for environmental management, such as ISO 14001.

7. Ethical Practices (Sector: Telecom)

Airtel: Harassment Free

Harassment means and includes:

- Unwanted and unacceptable Behavior by an employee or Business Associate towards an employee or any other person connected with the workplace whether such acts occur outside or in the office premises.
- Words, action or conduct that is verbal, in writing, and through any means including social media and includes abuse, threat, or harm
- Making inappropriate jokes, using foul language, circulating or displaying inoffensive materials
- Directed at an individual or across the spectrum to create a hostile, intimidating, insulting, or offensive environment, producing fear.
- Related to gender, race, religion, belief, or any difference.

8. Ethical Practices (Sector: Power)

BPCL (Bharat Petroleum Corporation Limited)

- Shall act with the utmost care, skill, diligence, and integrity
- Shall act in utmost good faith and fulfil the fiduciary obligations without compromising their independence of judgment.

HPCL (Hindustan Petroleum Corporation Limited)

- The purpose of the ethical practices is to enhance the other honest and transparent processes in managing the company's affairs.
- The company currently has conduct, regulation & appeal rules for officers ("the CDA Conduct Discipline and appeal rules"), which govern the conduct of all company officers, including whole-time directors but excluding non - whole-time directors.
- The code of conduct for board members and senior management personnel has now been explicitly framed in acquiescence with the provisions of regulation 17 of (5a & b) of SEBI (Listing obligations & disclosure requirements) regulations, 2015 with stock exchanges. This code is to be read with the CDA rules regarding whole-time directors and senior management personnel.

NTPC (National Thermal Power Corporation)

Core Values

(Be Committed)

B - Business ethics

E - Environmentally & economically sustainable

C - Customer focus

O - Organizational & professional pride

M - Mutual respect & trust

M - Motivating self & others
 I - innovation & speed
 T - Total quality for excellence
 T - Transparent & respected organization
 E - Enterprising
 D – Devoted.

Conclusion

After studying the ethical practices of nifty fifty companies, we came to know about their ethical practices. We found that most of the rules are shared among all the companies, like corporate governance practices, methods of impartiality, confidentiality. On the other hand, we also found that some courses are different among different companies like. In HCL technologies, they have practices of EFCS which mean employee first and a customer second. Another is airtel they have rules of a harassment-free environment in the company, which makes a company different from other companies. Also, in terms of sector representation power sector is more significant and positive in following ethical practices. These ethical practices guided the Indian economy and business. Higher human qualities such as help, faith-based business transactions, and basic norms are present at the corporate and society levels.

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