

THE IMPORTANCE OF ETHICS IN BUSINESS DECISION MAKING

Vaibhav Pandey,

Asst. Professor, Department of Commerce, Graphic Era Hill University,
Dehradun Uttarakhand India

Abstract

Paul's (1987) research was crucial in establishing the relevance of studying business ethics in undergraduate and graduate programs in management. In order to operate in an ethical manner, it is widely acknowledged that a value-based education is essential. This research aimed to understand how recently minted managers feel about corporate ethics, how important it is to them personally and professionally, and what part ethics training plays in managerial decision making. In this research, we put to the test the theory of reasoned action, which proposes that one's attitude toward a conduct is a strong predictor of that behavior. A person's attitude toward ethical conduct is the fundamental motivator of their desire to act ethically. The findings indicate that the graduates' age and degree of maturity affect their ethical actions in the workplace. An individual's ethical actions are greatly influenced by their work history. The ethical framework in which recent graduates in the field of management make decisions does not change with experience. The findings provide credence to the hypothesis of rational action.

Keywords: Business Ethics; Values, Decision Making, Business Conduct; Responsive Codes of Practice; Sustainability

introduction

One of the first academic fields dedicated to the study of right and wrong is ethics. Aristotle coined the word "ethics" with the insightful observation that it "helps to know what to do and what should be avoided." Ethical theory in the modern age is primarily a body of scientific inquiry into human interaction and behavior analysis in light of established standards. Negotiating with business partners, maintaining honest records, and engaging in fair competition are the cornerstones of ethical business practice. It is often accepted that businesspeople in various nations adhere to the same standards of ethics. There is a wide range of acceptable business ethics. They are relevant not just to the company's interactions with the external world, but also to its interactions with a single client.

Companies that want to maximize profits are not doing anything unlawful. Some companies' practices raise ethical concerns because they lack transparency. Even if a company is making millions of dollars, does that mean it is operating ethically, and do customers care? There are well-known soft drink brands and fast-food chains that have repeatedly been penalized for unethical business practices. It's possible that the business won't care as much about doing the right thing if it's raking in the dough. A lot of well-known companies have paid hefty penalties for breaching various codes of corporate ethics. Million-dollar penalties have been handed out to corporations who have breached anti-trust, ethical, and environmental regulations. However, the profits of these businesses far surpass any penalties they may face. Companies' lack of corporate ethics is overlooked because of the billions of dollars it brings in.

It might be obvious when a company has acted dishonestly. Such instances include the unlawful sale of drugs, the presentation of fake financial statements, or the theft of customer cash. More prevalent are instances that call for moral judgment, such as when competing interests or competing ideals need a decision. For instance, there is tension between the need for economic development and the desire to avoid unemployment in a region where doing so would be advantageous, but at the expense of the area's natural beauty.

The growing influence of corporations on society necessitated the development of a new field of study: business ethics. Examining the moral standards by which businesses may be evaluated in terms of their effects on society and the natural world is central to the field of business ethics. Common ethical issues in business are broken down into four groups by Trevino and Nelson (2004).

literature review

Terziev, Venelin&Koleci (2020) Many writers have lately shown a significant deal of interest in the emerging area of ethics. This is not simply because of its importance to the economy as a whole. Competitors in today's highly competitive corporate environment are paying more attention to their actions in the workplace, in social situations, and in the marketplace as a whole. According to Robin and Reidenbach (1987), for there to be ethics in business, both the company and its employees must act in line with the standards established by moral philosophy. Most of the weight of a company rests on the shoulders of its managers.

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Bulog, Ivana &Grancic, Ivan. (2017).The capacity of managers to identify and address intricate corporate ethical challenges is now more important than ever. Managers' ethical decisions have always been scrutinized since they bear the bulk of the responsibility for upholding a company's code of conduct. Managers are tasked with the heavy lifting of decision making. Every day, they make choices, both major and little, that will have lasting impacts on the firm. The many moral corporate crises of recent years have increased the public's focus on the importance of ethical company practices. Therefore, the organizational setting calls for efficient managers - decision-makers - who can act ethically and make sound decisions. A company's performance is directly tied to the ethical standards of its leadership. Among the many aspects that might affect a business's performance, it is widely known that the ethical conduct of managers is among the most crucial components contributing to a more effective realization of corporate competitive advantage. The purpose of this article is to examine the value of ethical business practices and to profile the ethical decisions made by top executives at a major Croatian firm. After doing qualitative research, several intriguing and perplexing findings were discovered. The outcomes of this study provide a solid groundwork for more study in this area. Implications for managers and their organizations are examined in light of the benefit that improved business ethics and managers' ethical conduct may provide.

Jenny E. Grigoropoulosi (2019)Today, business ethics is a hotly disputed topic not just in the boardroom and classroom, but also in the boardroom and the boardroom. Globalization, technology, intangible assets, and people management are all factors that have influenced the depth and breadth of ethical analysis conducted by academics in recent years. Meanwhile, administrations of companies that are committed to acting morally and ethically have made it a top priority to ensure that the company's ethical procedures and policies are widely disseminated and adhered to at all levels of operation. Leadership in both organizations and schools is accountable for actions like laying the groundwork for the efficient and moral operation of businesses. It's a huge part of what makes people and their work so effective in companies. Leaders should promote and model principles and values according to the goals, purpose, and vision communicated with workers since they are the most important body in any institution considerably effecting the corporate culture. Although ethos as a principle and value was first discussed in ancient Greek philosophic circles, characterizing the virtuous and moral beliefs, attitudes, and acts, the importance of the principle of ethical behavior had not been "apparent" until recent years, when individuals and organizations have been researching ways that ethical behavior can be integrated into corporate practices. Furthermore, the concept of ethical conduct and value systems in the workplace has risen to prominence as a 21st-century

corporate priority. Leaders must balance the demands of external factors, such as keeping up with technological developments, globalization's outcomes, and the threat of the competition, with the demands of internal tasks and practices, such as ensuring that the organization's mission, vision, and culture are aligned with the strategies developed and the goals pursued. Although a leader's responsibilities are many and varied, they must also include incorporating ethical standards into the rules of their businesses.

Ms. Jamuna Rani B. (2020)When it comes to running a business, ethics means being able and willing to consider values during the decision-making process, analyze how those values and choices affect different stakeholders, and then put those findings into practice. The value of ethics in business goes well beyond the retention of talented workers or the cohesiveness of upper management. The short-term and long-term success of any commercial endeavor is inextricably linked to the company's commitment to conducting itself ethically. When deciding whether or not to invest in a company, it is crucial to consider the firm's standing in the local community, among rival companies, and among individual investors. If shareholders believe a corporation does not act ethically, they are less likely to purchase its shares or provide other forms of financial support. There are few factors as significant to prospective investors and present shareholders as a company's reputation for ethical conduct. Companies that want to maintain a good reputation must adhere to strict ethical standards in their dealings with customers and workers, as well as in their treatment of the environment and other companies.

METHODOLOGY

Management students and recent graduates' views on the importance of ethics in business and in everyday life, as well as the impact of ethical training on business judgment, have been investigated via surveys of attitudes toward business ethics. This questionnaire was developed to gather information from management majors who have completed post-graduate-level ethical coursework.

Morality and deliberation. In order to ensure the questionnaire's validity and reliability, a pilot study was carried out. Cronbach's Alpha was calculated using data from 27 students in pilot research, and the result was 0.844. The second section of the questionnaire in this research made use of the Attitudes Towards Business Ethics Questionnaire (ATBEQ) developed by Neumann Reichel. In all, 168 participants were surveyed.

Data analysis

Loyola Institute of Business Administration, Chennai undergraduate and graduate management students comprised the study population. In many studies (Vitell and Hidalgo, 2006), students in executive MBA programs have been used as stand-ins for managers because of their similar levels of maturity, life experience, and work experience to that of the general manager population. Previous studies have shown that graduate students may successfully stand in for managers when making crucial business decisions. As was discussed in the context of behavioral research, students may act as substitutes for businesspeople. In business, graduate students may successfully stand in for managers. the same thing in their research on customer behavior. Executive feedback on company procedures was sought for a study on management decision making, and this was explained to the survey's participants. Respondents were told that their replies would be kept confidential and used only for scholarly purposes, and they were given the option to remain anonymous.

Attitude toward business ethics

Graduates from the field of management answered 11 questions (EA_01 to EA_11) designed to capture their ethical outlook. According to the findings, sex does not have a role in shaping people's moral beliefs. Third table down. Table 1 shows that there is no statistically significant difference in ethical outlook by gender. To rephrase, contrary to hypothesis 1, both men and women have the same view of the significance of ethics in both their private and professional lives. Table 2 displays the findings of a one-way ANOVA between students' age and their perceptions on the importance of ethics in the workplace. A person's perspective on business ethics may be greatly influenced by their age. Table 2 displays data that agrees with findings from the studies of Ajzen and Fishbein (1974) and Randall (1989).

Table 3 shows how one's perspective on corporate ethics changes as one gains work experience. At the 95% confidence level, the findings are significant. (0.043). According to the findings of this research, one's level of experience has an effect on one's outlook on business ethics. One's appreciation for the

value of ethics in the workplace grows with time in the workforce. In this research, the participants' personal accounts provide the basis for an evaluation of the efficacy of ethical education. The findings, reported in table 4, show that the value placed on ethical instruction in management programs increases with the level of expertise of the course participant. This illustrates why learning ethics as part of a management curriculum is crucial. At the 95% confidence level, the findings are statistically significant (0.045).

The purpose of investigating Hypothesis 5 is to see whether seasoned managers agree that moral reasoning is enhanced by formal training. Table 5 displays the findings, which reveal that there is no statistically significant difference in how people with different levels of experience see the importance of experience when making ethical decisions. In other words, this doesn't suggest that students' views on ethical decision-making change as they gain work experience.

Table 1 Gender and Attitude towards Business Ethics

Gender	N	Mean	Std. Deviation	Sig.
Male	97	1.8810	.30104	0.713
Female	44	1.9566	.29113	

Table 2 Age and Attitude towards Ethics

AGE	N	Mean	Std. Deviation	F stat.	Sig.
20-25	69	1.9881	.33143	5.670	0.004
26-30	62	1.8284	.24254		
31-35	10	1.8000	.23784		
Total	141	1.9046	.29902		

Table 3 Experience and Attitude towards Business Ethics

	N	Mean	Std. Deviation	F stat.	Sig.
Fresher	33	2.0193	.30130	2.785	0.043
1-3 years	62	1.8915	.29393		
3-6 years	27	1.8754	.28875		
Above 6 years	19	1.7895	.28435		
Total	141	1.9046	.29902		

Table 4 Experience and Ethical Education effectiveness

	N	Mean	Std. Deviation	F Stat.	Sig.
Fresher	33	1.9848	.41692	2.748	0.045
1-3 years	62	2.0677	.41990		
3-6 years	27	1.8148	.45969		
Above 6 years	19	1.8526	.42865		
Total	141	1.9709	.43614		

Table 5 Experience and Ethical Decision Making

	N	Mean	Std. Deviation	F Stat.	Sig.
Fresher	33	1.9091	.36390	0.244	0.866
1-3 years	62	1.9332	.34774		
3-6 years	27	1.8889	.39290		
Above 6 years	19	1.8571	.39268		
Total	141	1.9088	.36353		

Education level (doing MBA / Completed MBA) and Ethical Decision Making

The education level was separated into 3 groups' viz. perusing MBA, finished MBA, and any other course, for the purpose of recording replies of the subjects on the questions related education level and ethical attitude. Table 6,7 and 8 detail the findings.

According to Table 6 the findings of this research show that the degree of education significantly influences the attitude towards corporate ethics. The individual's view of ethics develops as he or she continues to learn. This study's findings contradict with those of Cole and Smith (1995). They concluded that the inclusion or exclusion of ethics classes in a management curriculum does not seem to have a significant impact on students' replies. This study's findings corroborate those of Amberla et al. (2010), who found that upperclassmen generally had a more positive outlook on campus ethics than their younger counterparts. Students who have studied ethics in depth have a more informed understanding of the present ethical context and a more positive outlook on the subject. In contrast, both Ahmed et al. (2003) and Du Plessis et al. (2011) fail to identify statistically significant changes in ethical outlook by year of research.

Table 7 displays the views on the efficacy of ethics education in business held by management graduates (MBA finished / MBA continuing). According to Table 7, there is no statistically significant difference between the opinions of present students and those of graduates. The purpose of investigating hypothesis 4 (c) is to see whether current MBA students and recent graduates have different perspectives on the importance of ethical education for management decision making. According to the findings, the two student populations see the value of ethical education in management decision making quite differently. So, it's safe to say that teaching students about ethics changes their minds about the value of ethics in both their personal and professional lives, and also prepares them to make moral choices in the workplace. They are more equipped to deal with ethical challenges on the job than their non-ethics-educated counterparts.

Table 6 Management Graduates who already completed their MBA / other post graduate management degree will perceive ethics to be more important in personal and professional life than those students who are currently undergoing their education.

	N	Mean	Std. Deviation	F. stat.	Sig.
Doing MBA	65	1.9692	.31626	4.018	0.020
Completed MBA	73	1.8593	.27274		
Other	3	1.6061	.18924		
Total	141	1.9046	.29902		

Table 7 Management Graduates who already completed their MBA / other post graduate management degree will perceive ethics education to be very effective in their professional life than those students who are currently undergoing their education.

	N	Mean	Std. Deviation	F. stat.	Sig.
Doing MBA	65	1.9877	.44388	0.626	0.536
Completed MBA	73	1.9671	.43654		
Other	3	1.7000	.17321		
Total	141	1.9709	.43614		

Table 8 Management Graduates who already completed their MBA / other post graduate management degree will perceive ethics to be more important in decision making than those students who are currently undergoing their education.

	N	Mean	Std. Deviation	F. stat.	Sig.
Doing MBA	65	1.9319	.38640	0.825	0.440
Completed MBA	73	1.8982	.34788		
Other	3	1.6667	.08248		
Total	141	1.9088	.36353		

CONCLUSION

This research seeks to understand how recent business school graduates feel about corporate ethics, the value of ethics training for managers, and the impact such training has on their decision making. These findings suggest that graduates of either gender have a similar understanding of the value of ethics, but that this understanding changes considerably with age. It has been shown that one's work history has a major role in shaping one's moral character. Students with job experience were more likely to see ethical education as helpful than those with no such experience. Ethics was rated as more significant to management graduates who had already finished their MBA or equivalent postgraduate management school than to management undergraduates.

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