



# A Study Of Business Ethics In Micro & Small Enterprises In Kolhapur District

**Dr. Kamble T. A.**

**Professor in Commerce**

**R. B. Madkholkar Mahavidyalaya, Chandgad**

**Dist. Kolhapur (Maharashtra State)**

## **Abstract**

Now a days we are facing the serious problem of global climate change, ozone layer depletion, acidic raining, air, water and noise pollution, soil erosion, deforestation, loss of biodiversity etc. it is indeed necessary to conserve our biological diversity for peaceful living and for further fair and equitable share in benefit of natural resources. To overcome the serious issues stated above we need ethical conduct and moral behaviour in our personal life as well as in our business life too. Especially in a business ethics like accountability and transparency, respect to human dignity and privacy, truthfulness, producing and selling healthy and hygienic product, avoiding discrimination among people on the basis of gender, caste and religion, charging unfair prices, avoiding artificial scarcity of product, providing healthy and hygienic atmosphere at workplace avoiding all kind of pollution etc. are very helpful to all the stakeholders of business word.

**Keywords:** Business Ethics, Business Stakeholders, Human Behaviour, Moral Slandered, Environmental Issues, Health and Hygiene. Human Wellbeing.

## **1. Introduction**

The term ethics is derived from Greek word “Ethikos”. It means conduct, custom or habit. Ethic is generated as the science of morality or philosophy of morality which deals with moral conduct, judgment, habit, character, rules or principals.<sup>1</sup> Ethics is the foundation of human conduct. Supreme ideas of human life like truth, honesty, nonviolence, brotherhood, kindness, peacefulness, cooperativeness etc. are various aspects of ethics. These are the most respectable and much needed aspects required for individual person, businesses entity as well as for society at large for its overall sustainable development.

The term ethics and morality are used as synonyms and interchangeably. However both these terms have different connotation. Ethics consist of standard or the code of behaviour. It tells how one should behave in a group or in a society. Ethics are subject to change and relative in nature. These are generated with specific recommendation of conduct in a particular situation. It is developed and goes on evolving within the society. Professional, social, corporate etc are the different kinds of ethics being observed in a society and industries. On the other hand morality involves individual character and disposition. It describes right conduct for everyone. It is absolute and changeable. Morality is the value that is generally handed over from generation to generation. Of course it has different perspective angles and tends to differ from person to person.

As like an individual person, a society and business entity must have base of ethics and morality to conduct its business, trade and commercial activity. Business ethics deal with certain moral principles which expose the way of performing business in right or wrong way. Ethical and moral values help to analyses the business activities in systematic and scientific manner. With the help of ethical theories, management can build its ethical business structure so as to frame ethical planning and conduct its business with better ethical manner.

## **2. Review of literature:**

While taking the review of literature with regards to ethics and morality in business organization, B. N. Ghosh (2012)<sup>2</sup> says that, ethics encompasses moral judgment that helps a person to differentiate good from bad and right from wrong. Moreover ethics are not concerned with good or bad in a material sense based on worldly standard. According to Dr.Ghosh, in the materialistic sense, right or wrong can be explained with reference to the context; and the ethical sense is known as ethical relativism. This ethical relativism implies that the ethical behaviour is to be judged with reference to time, place and circumstances. Kant Emmanuel (1964)<sup>3</sup> while elaborating the significance of ethics and morality, he clarified that in universal ethical principles are based on justice, rights, fairness, honesty and respect. According to him, ethics are based on relativism and the morality is concern with the intention and not necessarily with the consequences of individual action. It is impartial and it applies equal to everybody. Marilyn Friedman (1987)<sup>4</sup> is of the view that ethical principles of care must be integrated with those of justice. B. N. Ghosh (2012)<sup>5</sup> expressed his view that economies entails many types of activities that may cause endanger to the environment. According to him in order to achieve high rate of growth, different types of polluting industries have been setup in the areas that were earlier devoted to agricultural work and forestry. In this case, economic actives disturbs the environment and the whole ecological balance. It is believed that high rate of economic growth is found to be positively correlated with environmental pollution which is unethical conduct. Gandi (1968)<sup>6</sup> believes that, the economic activities those hurt the moral well being of an individual or the nation is immoral and therefore it is sinful. True economics never militates against the higher ethical standard. Milton Fridman (1970)<sup>7</sup> observed that, the basic mission of business is to produce goods and services at a profit and while doing this business needs to give its maximum contribution to society. Its conduct must be socially responsible. Adam Smith (2000)<sup>8</sup> one of the founder of capitalism, developed the concept of the invisible hand and explored the role of self interest in economic system. While explaining the self interest, he further expressed that, common good is associated with psychological motives and that each

individual has to produce for the common good with the values such as propriety, prudence, reason, sentiment for promoting the happiness of mankind.

According to Ferrel (2022)<sup>9</sup> race gender and age discrimination are the major sources of ethical and legal debate at the workplace. Despite of many Acts and Laws regarding prohibition of such discrimination among employees, unethical misconduct are observed continuously in many business organizations. In order to prohibit such discrimination and to provide the justice to victims, Affirmative Action Programs are asked to initiate in the industries. These programs will certainly help to build work force while recruiting, hiring and training and promoting qualified individuals from groups those have traditionally been discriminated on the basis of race, gender or other characteristics. Clayton Alderfer (1972)<sup>10</sup> while expressing his view on relatedness and growth, he pointed out that, an individual's hierarchy of need, may influence his or her motivation and ethical behaviour. After basic needs such as food, working conditions and survival are satisfied, related needs and growth needs becomes important. Related needs can be satisfied by social and interpersonal relationship and growth needs by creative or productive activities.

### **3. Scope and significance of study:**

Moral standard of any society or a business entity can be judged with reference to the sets of universal moral standards. However these universal moral standards are necessary to gauge in a particular situation because all the ethical norms and practices are not equally valid and applied to all the societies. Thus the ethical standards and norms tends to differ from country to country and society to society, hence ethical standard are relative to a situation, places, time and circumstance.<sup>11</sup> Of course some ethical standards universal, permanent and absolute. These standards are applicable for all the society in all the countries throughout the word.

According to ethical science morality of action depends upon inner urge, motive and attitude of particular person and particular society. Ethics helps to observe and classify moral behaviour and further justify them with reference to moral standards. The purpose of ethics is to throw light on better values among human being and society and to correct the earlier immoral practices. Moreover ethics deals with human behaviour that is related to character, conduct, moral issues and right or wrong. Further in calculation of ethical values among people is voluntary and not forced one. As ethics sets the ideal moral standard for social and human well being, the inculcation of ethical values demonstrates the systematic knowledge of moral conduct, moral behaviour and moral standard of activities conducted.

In a new business era of capitalism with the corporate types of business environment, the attitude towards work and wealth creating activities are drastically changed over the decades. Especially in India, in early 20th century, the businessman who accumulated wealth were not given much social respect assuming that the wealth might have been collected unethically. However drastic changes are found in business, policies and approaches. Attitude of the society have been changed gradually. Recently business houses in this competitive atmosphere are forced to conduct their business activities with moral behaviour and ethical business approaches. Of course since the globalization whole scenario of businesses ethics have been changed totally. It

became more complex due to cross country difference with regards to sustainable development and environmental issues. Despite all these facts at micro as well as macro level for effective business. Planning for policy framing activities, for setting the conflicts, and for running day to days business more smoothly, ethical business values are found helpful. At micro level to avoid unfair discrimination among the stake holders, immoral competition among business enterprises, offering bribery and motivating for corruption, providing deceptive information, conducting forgery etc. ethical values are of immense importance. At macro level, to build the mutual trust and faith among outside stakeholders and also for the betterment of society at large, ethical values are much needed aspect of today's business world.

Business ethics like accountability and transparency, honesty, openness to all, respect for women dignity, charging fair prices, truthfulness, producing and selling healthy and hygienic product, equality in caring employees etc. are the guiding lamps for all kinds of business houses and especially for micro and small business enterprises which are established semi urban and rural area like Kolhapur region. Because these ethical values provide ethical standard and values for them. It provides guidelines to the owner, manager and their employees for running the business ethically and successfully. It also helps to micro and small business organization in making business decisions and strategies which are morally fair, just and consistent. Business ethics are helpful to improve their social image which ultimately brings about many types of positive results in future. Well established business ethics in micro and small business organization helps to improve and build the solid organizational culture which brings positive motivations to work hard and sincerely among its workers. It is further helpful to have strong teamwork and tends to avoid unwanted work related conflicts among workers and management.

#### **4. Objectives of Research Study:**

1. To study the awareness about the business ethics and moral values among micro and small entrepreneurs in Kolhapur district.
2. To study the moral and ethical values those are applied by micro and small business organizations at their work place.
3. To assess the value of business ethics and moral values in the development of micro and small business enterprises in Kolhapur district.

#### **5. Research Methodology Used.**

1. Primary and secondary data is used for this research propose.
2. Primary data is collected from 100 respondents by applying Snowball Sampling Method throughout Kolhapur district during the period from the year 2015 to 2019.



3. Simple statistical tools like average, percentage, mean, mode, median and used for analyzing collected data.

## 6. Data Analysis and Interpretation:

### I) Data With Regard to Ethical Issues in Production and Operational Management :

1) Majority of respondents (82 %) strongly agree that they are continuously trying for the development of ideal work environment at their work place and remaining (18 %) respondents seems not providing their attention in this regard.

2) Majority of respondents (78%) are aware of maintaining adequate operational safety and they are taking enough precaution for maintaining healthy and hygienic atmosphere for their workers and remaining (22 %) respondents failed to maintain such kind of atmosphere.

3) Majority of respondents (67%) firmly stated that they have initiated for applying required rules and regulations maintaining discipline for well being of their employees. On the other hand remaining (33%) respondents reported negatively in this regard.

4) Average number of respondents (54%) admitted that they have provided auxiliary support services to all their employees at their work force and remaining (46%) respondents stated negatively in this regard.

5) Very less number of respondents (21 %) stated firmly that they are providing facilities of training camps to their workers so as to enhance their skill, traits and competencies and majority of them (79%) expressed their helplessness in this regards.

6) Average number of respondents (48%) stated positive response with regards to honest attempts to produce high standard quality products at their workplace and rest of (52%) respondents reported that due non availability of advanced technique and machinery they are unable to produce high quality product.

7) Less numbers of respondents (38%) reported that they are trying honestly to avoid air, water, noise and land pollution in and around their work place, where as majority of them (62%) reported that they are not paying enough attention in this regard.

8) Average number of respondents (47%) reported that they are trying to maintain accident free/hazardous free atmosphere at their workplace, where as remaining (53%) respondents failed to do so.

9) Average number of respondents (48%) believes that they are utilizing high quality advanced machinery in their production process for producing high quality production on the other hand remaining (52%) respondents are depend upon substandard quality machinery for this purpose.

10) Very less number of respondents (28%) reported that they used to provide prompt medical facilities while in case of accident taken place at factory site where as majority of them (72%) surprisingly reported negative answer in this regard.

## **II) Data With Regards to Ethical Issues in Human Resource Management**

1) Average number of respondents (52%) firmly stated that they are not having discriminating policy based on age, caste and religion at their workplace. On the other hand remaining (48%) respondents could not state positively in this regard.

2) Majority of respondents (61%) believe that they have kept healthy and cooperative atmosphere among their employees at workplace. Whereas remaining (39%) respondents could not answer affirmatively in this regard.

3) Majority of respondents (82%) strongly stated that they do not employ child labour at their workplace. On the other hand remaining (18%) respondents could not answer confidently.

4) Majority of respondents (63%) firmly stated that they always try to protect dignity and Self esteem of their employees at their work place. Whereas remaining (37 %) respondents hesitate to answer this question confidently.

5) Majority of respondent (58%) strongly believe that they are respecting their employees' privacy and they are also permitting them for their union. On the other hand remaining (42%) respondents reported their negative approach in this aspect.

## **III) Data With Regards to Ethical Issues in Finance & Accounting:**

1) Majority of respondents (61%) admitted that, making timely payment for expenditure incurred and paying outstanding liability is their ethical liability, where as rest of those (39%) reported negatively in this regard.

2) Majority of respondent (67%) proudly stated that they are maintaining necessary books of accounts and preparing financial statement of accounts well within the time. whereas remaining (33%) respondents could not answered positively in this regard.

3) Majority of respondent (78%) stated positively that they accept accountability for every economic transaction completed by them. Whereas rest of them (22%) could not be answered confidently to this question.

4) Majority of respondent (63%) firmly admitted that they keep enough transparency in their all financial and accounting transaction and they make available everything for examination. However rest of the respondents (37%) answered negatively in this regard.

5) Majority of respondent (96%) firmly believe that they are not manipulating account and related records so as to show higher value of assets and higher volume of profit to their stake holders. Remaining (4%) respondents could not answer confidently to this question.

#### **IV) Data With Regards to Ethical Issues in Marketing:-**

1) Majority of respondents (77%) believe that they are showing honesty and transparency in disclosing adequate true and fair information of their product to their customers. Whereas remaining (23%) respondents reported negatively in this regard.

2) Majority of respondents (81%) admitted positively that they always shouldered responsibility to sell their good quality and harmless as well as hygienic products to their customers. On the other hand remaining (19%) respondents reported negatively in this regard.

3) Majority of respondents (93%) stated that they try to avoid unethical and false advertisement of their product. Whereas remaining (7%) respondents could not state positively.

4) Majority of respondent (88%) positively stated that they avoid making artificial scarcity of their products in the market for raising prices. Whereas remaining (12%) respondents stated that there is need to maintain artificial scarcity for earning more profit.

5) Very less number of respondents (34%) stated that they try to use environmental friendly packaging material for packing their products, whereas majority of them (64%) admitted that they are not using environment friendly material for packaging at their work place.

## V) Data With Regards to Ethical Issues Regarding Information and Technology:-

1) Majority of respondents (91%) stated positively that they believe in privacy and confidentiality of personal information of their stake holders and remaining (9%) respondents could not answer confidently.

2) Majority of respondent (76%) stated that they avoid to share the information without legal authority, whereas remaining (24%) respondents do not take enough care in this regard.

3) Majority of respondents (63%) believe that they ensure about valid source of information and property right while outsourcing the needed information while remaining (37%) respondents shows carelessness in this regard.

4) Majority of respondent (61%) are aware about legal status of the software they are using, so as to avoid financial damage for the original owner of software, whereas remaining (39%) respondents are not aware about it.

5) Majority number of respondent (99%) strongly admitted that they avoid to replace, destruct, forge or corrupt original source of information.

## 7) Major Findings and Suggestions:

### I) Findings & Observations:

1. Majority of micro and small entrepreneurs in Kolhapur district (78%) are aware about maintaining adequate operational safety and they are taking enough precaution.
2. At fair number of places (46%) micro and small entrepreneurs have failed to provide essential auxiliary and support services at their workplace. Such reckless entrepreneurs are suggested to provide these services to enhance the productivity of their employees.
3. Majority of entrepreneurs (62%) are not taking enough care to prevent air, water and noise pollution at the workplace. This is violation of social ethics causing endanger to health of society. Such entrepreneurs should be motivated positively through the awareness program organized by the government and non-government agencies working in this field.
4. Fair number of micro and small entrepreneurs (48%) applying discrimination policy based on age, caste, and religion for their employees at their workplace. Such entrepreneurs should be guided and motivated properly by showing provisions in the constitutions and laws so that they will work in future with equity and equality.



5. Surprisingly majority of micro and small entrepreneurs (72%) are not having provision of prompt medical facilities, if at all any accident is taken place at their factory site. All these entrepreneurs are advised to take this matter seriously and make appropriate measures to avoided sudden death at the time of accident.
6. Fair number of micro and small entrepreneurs (37%) denying to honour personal dignity and Self esteem of their workers. Such entrepreneurs should make aware and guided properly so that they can change their attitude and behaviour in better manner.
7. Majority of micro and small entrepreneurs (64%) admitted that they are not using environmental friendly packaging material at the workplace. This certainly causing endanger to the ecological system and ultimately inviting serious problem for all living creature. These entrepreneurs should aware and warn them strictly with stating adverse effect of it.
8. Fair numbers of entrepreneurs (39%) are not aware about legal status of computer software they are using which may cause financial damage to the original owner. Awareness programs for them in this regard must be organized frequently.
9. Fair numbers of entrepreneurs (42%) are do not believe in privacy of their employees. They do not believe in unionism. This is an encroachment on freedom of employees. Awareness programs need to be organized for such entrepreneurs for changing their thoughts and attitude.
10. Fair number of entrepreneurs (39%) shown recklessness in their liability towards outsider making payment to their stakeholders. This may causes disputes among them and deteriorates their goodwill. Hence it is advised them honour the payment as early as possible.

### **8) Conclusion:**

As all we are living in globalization era and being part and parcel of it, we are concern with global environmental issues. Today itself we are facing the serious problem of global climate change, ozone layer depletion, acidic raining, air, water and noise pollution, soil erosion, deforestation, loss of biodiversity etc. Therefore it is indeed necessary to conserve our biological diversity for peaceful living and for further fair and equitable share in benefit of natural resources. To overcome the serious issues stated above we need ethical conduct and moral behaviour in our personal life as well as in our business life too. Especially in a business ethics like accountability and transparency, respect to human dignity and privacy, truthfulness, producing and selling healthy and hygienic product, avoiding discrimination among people on the basis of gender, caste and religion, charging unfair prices, avoiding artificial scarcity of product, providing healthy and hygienic atmosphere at workplace avoiding all kind of pollution etc. are very helpful to all the stakeholders of business world. In a developing country like India inculcating and conservating ethical values among entrepreneur are

immense important. At individual level, at society level and at government level attempts should be made with honesty and consistently in this regard.

### References:

- 1) B. N. Ghosh (2012); Business Ethics and Corporate Governance; Tata Mac Gra Hill Education Pvt. Ltd; New Dehli, PP 4.
- 2) Ibid PP 10
- 3) Kant, Emmanuel (1964); Ground work of Metaphysics of Moral (Translated by H. Paton), Harper and Raw Publishing House, New York.
- 4) Fridman Marlilyn (1987); Beyond Caring: The De-moralization of Gender Candian Journal of Philosophy, Vol . 13, PP 87 to 110
- 5) B. N. Ghosh (2012); Business Ethics and Corporate Governance; Tata Mac Grow Hill Education Pvt. Ltd; New Dehli, PP 126 & 127.
- 6) S. Narayan (Ed.) Selected work of Gandhi, Ahamadabad.
- 7) Fridman, Milton (1970); Social Responsibility of Business is to increase its profit, The New York times Magazine, Sept. 13, 1970 PP 122 to 126 (Retrieved in Business Ethics : Ethical Decision Making & Cases (2022)
- 8) Adam Smith (2000), The Theory of Moral Sentiments, Vol. 2 (New York : Prometheus).
- 9) Ferrel O. C. etc (2022); Business Ethics : Ethical Decision making and Cases. Cengage India Learning Pvt. Ltd. New Delhi PP 67 to 69.
- 10) Clyton Alderfer (1972); Existence Relatedness and Growth New York Free press Journal, PP 42 to 44.
- 11) Kotlar Philip (2004) ; Marketing Management, Pearsons Publication Landon UK, PP 42 to 44.
- 12) Ghosh B. N. etc (2006); Globalization and the Third World: A study of Negative Consequences, Palgrave - Macmillan, Landon & New York .