

# Business Ethics and Corporate Governance with Special Reference to Bangladesh

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**Abstract:** *Business ethics and corporate governance have become two popular aspects of study in business and economics. Ethics in business play a very prominent role for establishing and maintaining corporate governance. If ethical standards are maintained in the business area, good governance can easily be established and maintained in other sectors of the economy. The present paper scans the role of ethical standards in ensuring corporate governance with special reference to Bangladesh. The objectives of the study are to describe the causes of poor ethics among business people, to identify the roles of different machineries for establishing and maintaining business ethics and corporate governance, to identify the levels of business ethics, to show the importance of business ethics, to point out some unethical issues which can hamper the smooth functioning of business activities and corporate governance, to pin point the characteristics of ethical organizations, and to suggest some principles to be followed by the organizations for the sake of maintaining ethical standards. The data have been collected from the primary sources as well as secondary sources. For collecting data from the primary sources, 100 respondents were selected from a number of organizations in manufacturing and service sectors. Secondary data were also collected from a number of relevant reading materials. The paper also focuses on the opinions of respondents regarding different aspects of business ethics and corporate governance. From the findings of the study, the author has also put some recommendations for business people and a successful corporate governance system.*

**Key Words:** Media, Corporate Governance, Codes of Ethics, Business Ethics.

## **1. Introduction**

The word 'ethics' is derived from the Greek word 'ethikos' which means custom or character. It is the science of morals describing a set of rules of behavior. Business ethics itself is an offshoot of applied ethics. **Webster's Dictionary defines ethics** as "the discipline dealing with what is good and bad or right and wrong or with moral duty and obligation" (Unabridged, 1961). The word derives from the Greek word meaning "moral," a Latin word with roots in "mores" or "customs"—in other words the values held by society. Ethicists point out that law represents an ethical minimum and that ethical behavior is something more than being within the law. Individuals—and by extension institutions—obtain their values from religion, philosophy, culture, law, and the special requirements of particular professions. "**Ethics**" can be defined as the critical, structured examination of how we should behave — in particular, how we should constrain the pursuit of self-interest when our actions affect others. "**Business Ethics**" can be defined as the critical, structured examination of how people and institutions should behave in the world of commerce. In particular, it involves examining appropriate constraints on the pursuit of self-interest, or (for firms) profits, when the actions of individuals or firms affect others.

## **2. Objectives of the Study**

**The broad objective** of this study is to describe the role of business people in ensuring and streamlining corporate governance in different sectors of the economy of a country with special reference to Bangladesh.

While **the specific objectives** are: i. to assess the role of policy or law regulating the business people in ensuring the corporate governance; ii. to find out the main causes of unethical practices which are detrimental to establishing corporate governance; iii. to identify the benefits of ethical practices and corporate governance; and iv. to put some suggestions to reduce unethical practices and ensure corporate governance.

## **3. Methodology of the Study**

The main objective of the paper is to analyze the role of business ethics in ensuring corporate governance in different sectors of the economy of a country with special reference to Bangladesh. The present is an exploratory study. The data have been collected from the primary as well as

secondary sources. For collecting data from the primary sources, 100 well conversant in business ethics graduate respondents were selected by using convenience and purposive sampling methods from a number of organizations in manufacturing and service sectors. Executives, managers of a good number of public and private organizations and university teachers were approached. Structured questionnaires by using three point scales were distributed among them and collected in person. The respondents were requested to put tick mark on one scale only as per their choices. The secondary data were collected from different relevant reading materials, books, journals and research papers published at home and abroad. For analyzing the data collected, suitable statistical methods such as, mean deviation and standard deviation have been used.

#### **4. Scope of the study**

The present study has been confined with graduate respondents who were selected from a number of organizations in manufacturing and service sectors. Executives, managers of a good number of public and private organizations and university teachers were approached. Also a theoretical perspective of the studied topic has been covered.

#### **5. Conceptual Review**

##### **Business Ethics**

**Business ethics** (also **corporate ethics**) is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations.

According to **Potter Stewart**-“Ethics is knowing the difference between what you have a right to do and what is right to do.” According to **Valdemar W. Setzer**-“Ethics is not definable, is not implementable, because it is not conscious; it involves not only our thinking, but also our feeling”. According to **Thomas Erskine**-“In the New Testament, religion is grace and ethics is gratitude.” According to **Bertrand Russell**-“Ethics is in origin the art of recommending to others the sacrifices required for cooperation with oneself.” According to **Albert Schweitzer**-“Ethics is the activity of man directed to secure the inner perfection of his own personality.” He also stated-“Ethics is nothing else than reverence for life.” According to **Kate Atkinson**-“Ethics are not

necessarily to do with being law-abiding. I am very interested in the moral path, doing the right thing.” According to **Kerry Stokes**-“Ethics or simple honesty is the building blocks upon which our whole society is based, and business is a part of our society, and it's integral to the practice of being able to conduct business, that you have a set of honest standards.”

Business ethics is the application of a moral code of conduct to the strategic and operational management of a business. Business ethics and therefore business morality generally result from an individual's own moral standards in the context of the political and cultural environment in which the organization is operating. There is a whole separate debate, of course, on which macro-economic system works best to deliver good corporate ethics and governance - especially currently after what some would argue as a failure in the capitalist model (regardless of your views it is clearly undergoing the most significant trauma for nearly a century).

Simply put, ethics involves learning what is right or wrong, and then doing the right thing -- but "the right thing" is not nearly as straightforward as conveyed in a great deal of business ethics literature. Most ethical dilemmas in the workplace are not simply a matter of "Should Himu steal from a shop?" or "Should shop manager lie to his employer?"

The concept has come to mean various things to various people, but generally it's coming to know what is right or wrong in the workplace and doing what's right -- this is in regard to effects of products/services and in relationships with stakeholders. Wallace and Pekel explain that attention to business ethics is critical during times of fundamental change -- times much like those faced now by businesses, either nonprofit or for-profit. In times of fundamental change, values that were previously taken for granted are now strongly questioned. Many of these values are no longer followed. Consequently, there is no clear moral compass to guide leaders through complex dilemmas about what is right or wrong. Attention to ethics in the workplace sensitizes leaders and staff to how they should act. Perhaps most important attention to ethics in the workplaces helps ensure that when leaders and managers are struggling in times of crises and confusion, they retain a strong moral compass. However, attention to business ethics provides numerous other benefits, as well.

Note that many people react that business ethics, with its continuing attention to "doing the right thing," only asserts the obvious ("be good," "don't lie," etc.), and so these people don't take business ethics seriously. For many of us, these principles of the obvious can go right out the door

during times of stress. Consequently, business ethics can be strong preventative medicine. Anyway, there are many other benefits of managing ethics in the workplace.

### **Two Broad Areas of Business Ethics**



**Figure -1: Areas of business ethics**

**1. Managerial mischief.** Madsen and Shafritz, (1990) explain that "managerial mischief" includes "illegal, unethical, or questionable practices of individual managers or organizations, as well as the causes of such behaviors and remedies to eradicate them." There has been a great deal written about managerial mischief, leading many to believe that business ethics is merely a matter of preaching the basics of what is right and wrong. More often, though, business ethics is a matter of dealing with dilemmas that have no clear indication of what is right or wrong.

**2. Moral mazes.** The other broad area of business ethics is "moral mazes of management" and includes the numerous ethical problems that managers must deal with on a daily basis, such as potential conflicts of interest, wrongful use of resources, mismanagement of contracts and agreements, etc.

### ***Business Ethics Is Now a Management Discipline***

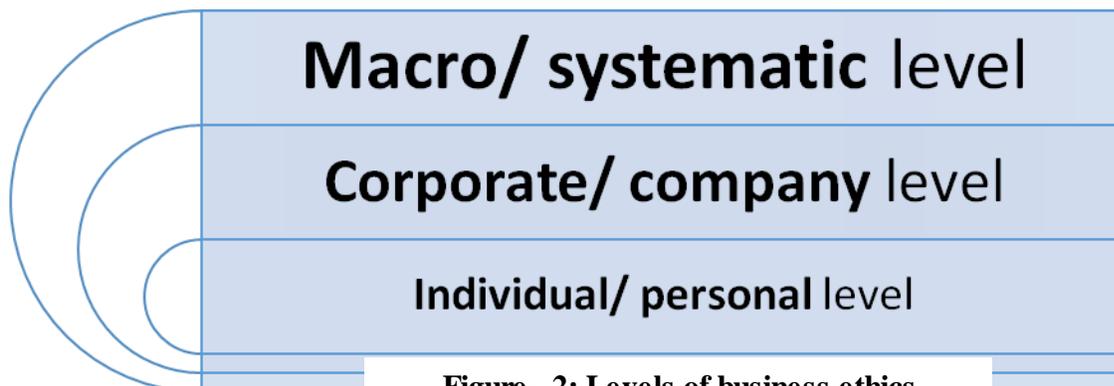
Business ethics has come to be considered a management discipline, especially since the birth of the social responsibility movement in the 1960s. In that decade, social awareness movements raised expectations of businesses to use their massive financial and social influence to address social problems such as poverty, crime, environmental protection, equal rights, public health and improving education. An increasing number of people asserted that because businesses were making a profit from using our country's resources, these businesses owed it to our country to work to improve society. Many researchers, business schools and managers have recognized this

broader constituency, and in their planning and operations have replaced the word "stockholder" with "stakeholder," meaning to include employees, customers, suppliers and the wider community. The emergence of business ethics is similar to other management disciplines. For example, organizations realized that they needed to manage a more positive image to the public and so the recent discipline of public relations was born. Organizations realized they needed to better manage their human resources and so the recent discipline of human resources was born. As commerce became more complicated and dynamic, organizations realized they needed more guidance to ensure their dealings supported the common good and did not harm others - and so business ethics was born.

Note that 90% of business schools in the west now provide some form of training in business ethics. Today, ethics in the workplace can be managed through use of codes of ethics, codes of conduct, roles of ethicists and ethics committees, policies and procedures, procedures to resolve ethical dilemmas, ethics training, etc. In Bangladesh, some training courses are being arranged on ethics in different organizations. But they don't ask the nominating organizations to be strict to those people are violating ethics. There are several Laws regulating unethical practices in the country. Religious belief is playing most significant role for maintaining ethics.

### **Levels of Business Ethics**

In our mission to define business ethics, Johnson and Scholes provide a useful way of classifying the diverse elements therein:



**Figure- 2: Levels of business ethics**

The **macro/ systematic** level:

- The role of business in the national and international organization
- The relative virtues of different political/social systems, such as free enterprise, centrally planned economies, etc.
- International relationships and the role of business on an international scale
- The **corporate/ company** level:
  - Corporate social responsibility
  - Ethical issues facing individual corporate entities (private and public sector) when formulating and implementing strategies
- The **individual/ personal** level:
  - The behavior and actions of individuals within organizations

***Integrated Approach:*** Ethical standards flow through the entire structure of a business organization, shaping how it plans its strategy, deals with customers, and manages its workforce. The standards have a reach far beyond day-to-day operations, and should be considered in all aspects of a business, from the board room to the shop floor and across all functional areas. Supporting this effort, businesses that genuinely understand the value and importance of ethics have appropriate metrics in place to measure achievement and identify problems before they become major issues.

Thus 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. Business ethics are often guided by law, while other times provide a basic framework that businesses may choose to follow in order to gain public acceptance.

Just like other issues, lack of ethics has become one of the important issues of a large number of citizens of Bangladesh. Because, due to these unethical practices and unfair means they are suffering a lot. Even some of them have lost their lives also. Despite this unfortunate part of lives, everybody is showing dissatisfaction. But the business people are not taking care of most of the common people's interest. Regulating authorities are not taking due steps to stop these malpractices-neither are they arranging any orientation or guidance program.

### **Importance of Business Ethics**

There are many reasons that business ethics matter. Companies that have made a commitment to behaving in a socially responsible manner know that committing to ethical behavior is not only the right thing to do – it's also good business. Other points of importance are long-term growth, cost and risk reduction, stop business malpractices, improve customers' confidence, survival of business, safeguarding consumers' rights, protecting employees and shareholders, creates good image, smooth functioning, consumer movement, consumer satisfaction, recognizing the dignity of labor, ensuring healthy competition and so on.

Business ethics are mandatory for the survival of business. The businessmen who do not follow it will have short-term success, but they will fail in the long run. This is because they can cheat a consumer only once. After that, the consumer will not buy goods from that businessman. He will also tell others not to buy from that businessman. So this will defame his image and provoke a negative publicity. This will result in failure of the business. Therefore, if the businessmen do not follow ethical rules, he will fail in the market. So, it is always better to follow appropriate code of conduct to survive in the market. Businesses that are managed by leaders who conduct themselves in an ethical manner and who reward employees for doing what is right are much more likely to be characterized by a positive ethical culture.

### **Arguments for Business Ethics**

Ethics is a moral standard that regulate right and wrong conduct. And business ethics is critical, standard examination of how people and institution should behave in the world of commerce. There are a number of reasons given below as to why businesses should act ethically: Moreover, if a corporation reneges on its agreement and expects others to keep theirs, it will be unfair. It will also be inconsistent on its part, if business agrees to set rules to govern behavior and then unilaterally violate those rules. Moreover, to agree to a condition where business and businessmen tend to break the rules and also they get away with it is to undermine the environment necessary for running the business.

### **Suggestions to Conduct Ethical Decision Making**

Ethical decision making is a very tough prospect in this *dog-eats-dog* world. However in the long run, all will have to fall in and play fair. The clock is already ticking for the unscrupulous

corporates. Norman Vincent Peale and Kenneth in their book ‘The Power of Ethical Management’ have prescribed the following suggestions to conduct ethical business:

**1. Is it legal?** The purpose of this question is to get you to look at existing standards. The legality of the decision should be examined not just from the civil law perspective, but also in regards to company policies or standards. If the answer to this first question is “no,” there isn’t much need to ask the following two.

**2. Is it balanced?** The purpose of this question is to activate your sense of fairness and rationality. Will the decision be fair or will it heavily favor one party over another, in the both the short and long-term? Decisions that produce big winners, at the expense of making others big losers, often come back to haunt individuals and organizations. It’s not always possible to make decisions where everybody wins, but leaders should strive to avoid major imbalances over the course of their relationships.

**3. How will it make me feel about myself?** This last question gets you to focus on your own emotions, standards, and sense of morality. How would you feel if what you were considering doing was published on the front page of your local newspaper or BTV World.com? Would it make you and your family proud or embarrassed? If you’re losing sleep over the situation, it’s probably an indication that your conscience is wrestling with the decision and its alignment with your personal values.

In this age of liberalization and globalization the unethical conduct will not be tolerated. That is why the given suggestions may lead to a new frontier to conduct ethical business and survive successfully in the competitive environment.

## **6. Discussion**

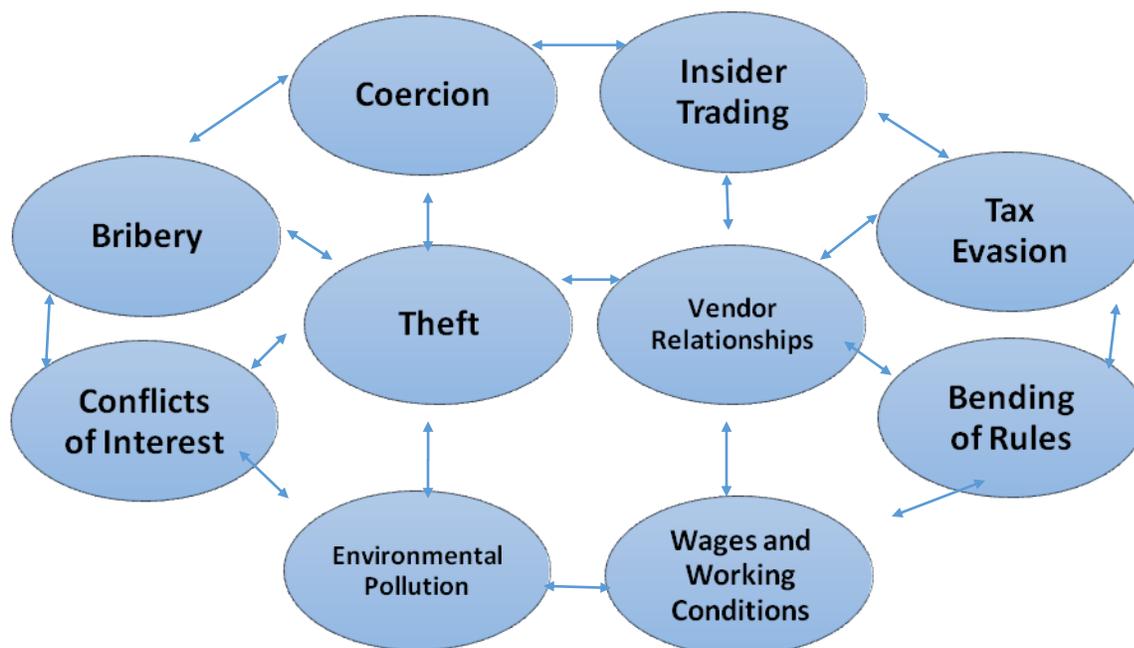
### **6.1 General Discussion**

#### **Unethical Issues in Large Organizations**

Every business has its own ethics which must be followed by every business owner. This will make the business successful and will win the trust of its employees, customers and all the people related to the business. People want to buy the product of the company that follows business ethics. They also recommend this product to many people thus spreading the good will of the company. But if the company follows unethical practices in business then it will lose the trust of its

customers and its reputation will spoil, thus leading to losses in the company and ultimately closure of business.

There are many businesses that promote their products by following unethical practices and cheating consumers, this is a wrong practice and may lead to mistrust. Business owners of all over the world from similar trade meet together and discuss this problem of unethical practices in business. Because of some businesses practicing these unethical behavior, the reputation of many other business of similar trade are being affected. Business ethics reflects the philosophy of business and the aim is to determine the purpose of the company. Researchers and study show that the following unethical issues hamper the smooth operation of the business in large organizations. They are:



**Figure -3: Unethical issues in large organizations**

- 1. Bribery:** Bribery is a manipulative method where one buys the power or influence of other person in order to satisfy his selfish needs. Bribes create a conflict of interest between the person receiving bribe and his/her organization. It creates unethical practices.
- 2. Coercion:** Coercion is forcing a person to act in a manner that is against the person's personal beliefs. It is an external force or a man-made constraint created in circumstances asking the other to act against his free will. This may be in the form of threat of blocking

promotion, loss of job or blackmailing that may lead an individual to further unethical behavior.

- 3. Insider Trading:** This is one form of misuse of official position by an individual in the organization. Here, the employee leaks out certain confidential information to outsiders or to other insiders, which in turn ruin the reputation of the company. Insider trading may lead to bad performance of the company.
- 4. Tax Evasion:** There are major unethical practices toward tax evasion. Many large corporations hire the services of professional tax consultants to take advantage of loopholes in the law and evade taxes to the extent possible. The reason they do this is the prevalent rate of corporate taxation which is very high.
- 5. Conflicts of Interest:** Even the most loyal employees can find their interests collide with that of the organization. This clash of goals and desires take the serious form of conflicts of interest. When conflict of interest arises the employee behaves in a level of private interest that impacts and interferes in their job or duties. As a result this conflicting interest and the decisions taken for it goes against the desire of the employer.
- 6. Theft:** Theft at work comes in a variety of forms, and oftentimes employees do not view it as unethical behavior, believing no one gets hurt by the action. Employees take home office supplies, use business computers for personal tasks, pad expense accounts and abuse sick time or allotted personal days. Unethical behavior also includes having another employee punch a time card, or not punching out for lunch hours or other non-approved time off.
- 7. Vendor Relationships:** Businesses that buy from and sell products to other businesses are sometimes subject to unethical behavior. The practice of accepting gifts from a vendor in exchange for increased purchasing is not only unethical, it may have legal repercussions. The same can be said for offering customer kickbacks to increase his purchasing habits.
- 8. Bending of Rules:** When an employee is asked to do an unethical task by a supervisor or manager, he does it because his allegiance to authority is greater than his need to abide by the rules. Withholding information that can change an outcome also falls under the umbrella of unethical behavior, even if the perpetrator believes he is doing what is in the best interest of the business.
- 9. Environmental Pollution:** Unethical behavior by companies, such as releasing pollutants into the air, can affect cities, towns, waterways and masses of people. Though accidents

can occur, the release of harmful toxins into the environment due to lax safety standards, improper maintenance of equipment or other preventable reasons is unethical. If a business willingly continues production of a product knowing inherent environmental risks exist, it can certainly be categorized as unethical behavior.

**10. Wages and Working Conditions:** Other unethical practices include not paying workers a fair wage, employing children under the legal working age and unsafe or unsanitary working conditions. Any practices that are not in compliance with fair labor standards and federal working guidelines fall into this category.

Ethics involves fair trade practices, financing and accounting, sales practices, tax payment, internal and external audit and other business practices. On the other hand unethical practices include creative accounting, earnings management, misleading financial analysis insider trading, securities fraud, kickbacks and facilitation payment along with the above mentioned issues. Manipulation of business practices and process also falls under unethical practices.

### **Benefits of Managing Ethics in Workplace**

Many people are used to reading or hearing of the moral benefits of attention to business ethics. However, there are other types of benefits as well. The following are the list of benefits that derives from managing ethics in workplace: attention to business ethics has substantially improved society, ethics programs help maintain a moral course in turbulent times, it can cultivate strong teamwork and productivity, this programs support employee growth and meaning, ethics programs are an insurance policy, these programs help avoid criminal acts “of omission” and can lower fines, Ethics programs help manage values associated with quality management, strategic planning and diversity management, these programs promote a strong public image and so on. Legal authorities of Bangladesh are more powerful to prohibit unethical practices of business arena. But unfortunately, they don't believe so and that is why they are reluctant to take prompt action against the crimes. Sometimes mobile courts impose penalties against some crimes but these are not sufficient rather these steps make them more daring. Strengthened laws and empowerment can contribute more in this regard.

### **Corporate Governance and Ethics**

A businessman can easily obtain numerous and permanent benefit from business likes a honey bee which suckles honey from the flower without affecting its charm and beauty. They can retain Similarly it can be implied that corporate managers can make profit and run their organization successfully in accordance with maintaining ethical issues if they want to. Following are the facts that will help the managers to maintain corporate ethics in the organization:

1. Act with honesty and integrity, avoiding actual or apparent conflict of interest in personal and professional relationships.
2. Provide information that is accurate, complete, objective, relevant, timely and understandable to ensure full, fair, accurate, timely, understandable disclosure in reports and documents that companies file with or submit to, the regulators.
3. Comply with applicable laws, rules and regulations of the country, region and local governments, and other appropriate public and private regulatory agencies in all material respects.
4. Act in good faith, responsibility, with due care, competence and diligence without misrepresenting material facts or allowing one's independent judgment to be subordinated.
5. Respect the confidentiality of information acquired in the place of one's work except when authorized or otherwise legally obligated to disclose. Confidential information regard in the course of one's work will not be used for personal advantage.
6. Share knowledge and maintain skills important and relevant to stakeholder's needs. Proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and the community.
7. Achieve responsible use of and control over all assets and resources employed or entrusted with.

Also, understanding ethical behavior in the context of corporate governance requires two levels of analysis: the internal concerns of corporate agency and the emergent effects on social welfare.

*Corporate agency* is based on the premise that employees, managers, and directors (i.e., agents) should behave in the best interests of owners or shareholders (i.e., principals). Two things get in the way of that ideal. First, managers' interests, while overlapping with those of shareholders, are distinct. Sometimes agents can help themselves in ways that hurt the firm and its shareholders.

Examples include shirking, waste and, in extreme cases, fraud or other self-serving actions that can bring down the company, as have happened in numerous business scandals. Second, shareholders have neither the specific knowledge nor skills possessed by management. That can create a dynamic where even well-intentioned managers may feel compelled to “short-termism,” i.e., acting in ways that look good to shareholders now, but actually undermine value creation over time. Various oversight, transparency, and incentive mechanisms have evolved, and continue to develop, to contain agency costs. *Social welfare* is based on the premise that companies should engage in fair dealing with all of their stakeholders—including customers, employees, suppliers, and communities, as well as shareholders—in accordance with the expectations of the larger society in which they operate. The debate about what is “fair dealing” reflects the larger, ongoing debate about the purpose of corporations in society, but even a shareholder-centric model recognizes that companies benefit from at least nurturing their reputations among all stakeholders, and that minimizing their negative externalities (pollution, plant closures, etc.) preserves the freedom of companies to operate with otherwise minimal external constraints. While traditional corporations are expected to prioritize shareholder interests above those of other stakeholders and, to a considerable extent, attempt to maximize shareholder value within their legal constraints, other corporate forms permit a more balanced approach between shareholders and vendors (cooperatives) or between shareholders and specified other constituencies.

### **Characteristics of an Ethical Organization**

Every organization must pose some characteristics to become an ethical organization. Without these core characteristics the effort of ensuring corporate governance in an organization is not possible. Following are the characteristics of ethical organization: Stakeholder balance, mission and vision driven, process integrity, leadership effectiveness, long-term perspective, value system, employee reviews, workplace diversity,

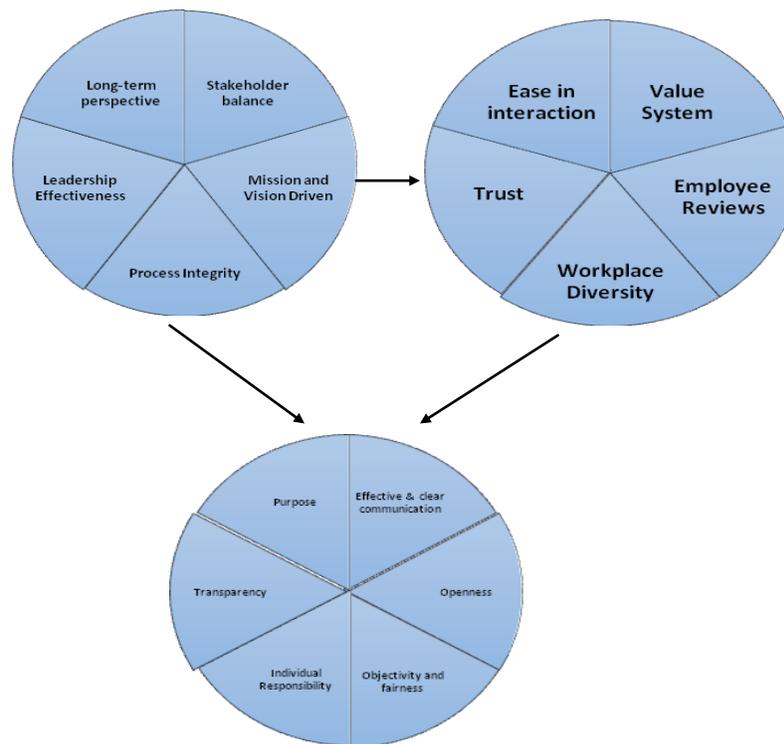


Figure-4: Characteristics of an Ethical Organization

trust, ease in interaction, effective and clear communication, openness, objectivity and fairness, individual responsibility, transparency, purposeful and a few others.

### **Principles that Help to Recognize Ethical Organizations**

There are several principles of recognizing organization practicing admirable business ethics. Some principles are: trustful, open minded, meet obligations, have clear documents, become community involved, maintain accounting control, be respectful, honor, integrity, customer focus, results-oriented, risk-taking, passion, persistence. For being an ethical organization a company must follow these principles.

### **How Ethics Can Make Corporate Governance More Meaningful**

Business ethics is the application of a moral code of conduct to the strategic and operational management of a business. Business ethics and therefore business morality generally result in good corporate governance. Following are the point on how ethics can make corporate governance more meaningful. Corporate governance is meant to run companies ethically in a manner such that all

stakeholders, creditors, distributors, customers, employees, the society at large and governments are dealt in a fair manner. Good corporate governance should look at all stakeholders and not just shareholders alone. Otherwise, a chemical company, for example, can maximize the profit of shareholders, but completely violate all environment laws and make it impossible for the people around the area to lead a normal life.

Business ethics has a substantial role to establish and sustain corporate governance in any country including Bangladesh. If unethical practices go on in business, definitely corporate governance will be affected. Therefore, they should follow some principles and law provisions which are still going on. For the purpose of establishing good corporate governance some public organizations should discharge their responsibilities. Other stakeholders like government, customers, suppliers, law enforcing authorities, political parties, business associations, social leaders can also contribute a lot for the purpose.

For the establishment and sustaining good corporate governance in business areas, ethics level must be maintained. Unethical business people can do and undo many things and go to any level for their interest only. Unethical business people do not have any sense of social responsibility. Under the circumstance, strong and drastic action against their crime can be of immense help establish and maintain corporate governance in business areas in Bangladesh.

Corporate governance should come from within; it is not something which regulators have imposed on a management. There is no point in making statutory provisions for enforcing ethical conduct. There are a lot of provisions in the Companies Act, for example,

a) disclosing the interest of directors in contracts in which they are interested; b) abstaining from exercising voting rights in matters they are interested; and c) statutory protection to auditors who are supposed to go into the details of the financial management of the company and report the same to the shareholders of the company. But most of these may be observed in letter, but not in spirit. Members of the board and top management should ensure that these are followed both in letter and spirit. There are a number of grey areas where the law is silent or where regulatory framework is weak. In the US, for instance, the courts recognize that new forms of fraud may arise, which may not be covered technically under any existing law and cannot be interpreted as violating any of the existing laws. For example, a clever conman can try to sell a piece of the blue

sky. In order to check such crooks, there is the concept of the "blue sky" law. However, such wide-ranging processes are not available to courts in developing countries.

A business organization has to compete for a share in the global market on its own internal strength, in particular on the strength of its human resource, and on the goodwill of its other stakeholders. While its state-of-the-art technologies and high level managerial competencies could be of help in meeting the quality, cost, volume, speed and breakeven requirements of the highly competitive global market, it is the value-based management and ethics that the organization has to use in its governance. That would enable the organization to establish productive relationship with its internal customers and lasting business relationship with its external customers.

### **Guidelines for Managing Ethics in the Workplace**

The following guidelines ensure the ethics management program is operated in a meaningful fashion:

1. ***Recognize that managing ethics is a process.*** Ethics is a matter of values and associated behaviors. Values are discerned through the process of ongoing reflection. Therefore, ethics programs may seem more process-oriented than most management practices. Managers tend to be skeptical of process-oriented activities, and instead prefer processes focused on deliverables with measurements. However, experienced managers realize that the deliverables of standard management practices (planning, organizing, motivating, controlling) are only tangible representations of very process-oriented practices. For example, the process of strategic planning is much more important than the plan produced by the process. The same is true for ethics management. Ethics programs do produce deliverables, e.g., codes, policies and procedures, budget items, meeting minutes, authorization forms, newsletters, etc. However, the most important aspect from an ethics management program is the process of reflection and dialogue that produces these deliverables.

2. ***The bottom line of an ethics program is accomplishing preferred behaviors in the workplace.***

As with any management practice, the most important outcome is behaviors preferred by the organization. The best of ethical values and intentions are relatively meaningless unless they generate fair and just behaviors in the workplace. That's why practices that generate lists of ethical

values, or codes of ethics, must also generate policies, procedures and training that translate those values to appropriate behaviors.

3. ***The best way to handle ethical dilemmas is to avoid their occurrence in the first place.*** That's why practices such as developing codes of ethics and codes of conduct are so important. Their development sensitizes employees to ethical considerations and minimizes the chances of unethical behavior occurring in the first place.

4. ***Make ethics decisions in groups, and make decisions public, as appropriate.*** This usually produces better quality decisions by including diverse interests and perspectives, and increases the credibility of the decision process and outcome by reducing suspicion of unfair bias.

5. ***Integrate ethics management with other management practices.*** When developing the values statement during strategic planning, include ethical values preferred in the workplace. When developing personnel policies, reflect on what ethical values you'd like to be most prominent in the organization's culture and then design policies to produce these behaviors.

6. ***Use cross-functional teams when developing and implementing the ethics management program.*** It's vital that the organization's employees feel a sense of participation and ownership in the program if they are to adhere to its ethical values. Therefore, include employees in developing and operating the program.

7. ***Value forgiveness.*** This may sound rather religious or preachy to some, but it's probably the most important component of any management practice. An ethics management program may at first actually increase the number of ethical issues to be dealt with because people are more sensitive to their occurrence. Consequently, there may be more occasions to address people's unethical behavior. The most important ingredient for remaining ethical is trying to be ethical. Therefore, help people recognize and address their mistakes and then support them to continue to try operate ethically.

8. ***Note that trying to operate ethically and making a few mistakes is better than not trying at all.*** Some organizations have become widely known as operating in a highly ethical manner, e.g., Ben and Jerrys, Johnson and Johnson, Aveda, Hewlett Packard, etc. Unfortunately, it seems that when an organization achieves this strong public image, it's placed on a pedestal by some business ethics writers. All organizations are comprised of people and people are not perfect. However, when a mistake is made by any of these organizations, the organization has a long way to fall. In our increasingly critical society, these organizations are accused of being hypocritical and they are

soon pilloried by social critics. Consequently, some leaders may fear sticking their necks out publicly to announce an ethics management program. This is extremely unfortunate. It's the trying that counts and brings peace of mind -- not achieving a heroic status in society.

### **Key Roles and Responsibilities in Ethics Management**

Depending on the size of the organization, certain roles may prove useful in managing ethics in the workplace. These can be full-time roles or part-time functions assumed by someone already in the organization. Small organizations certainly will not have the resources to implement each of the following roles using different people in the organization. However, the following functions and responsibilities should be included somewhere in the organization.

The organization's chief executive must fully support the program. If the chief executive isn't fully behind the program, employees will certainly notice -- and this apparent hypocrisy may cause such cynicism that the organization may be worse off than having no formal ethics program at all. Therefore, the chief executive should announce the program, and champion its development and implementation. Most important, the chief executive should consistently aspire to lead in an ethical manner. If a mistake is made, admit it. Consider establishing an ethics committee at the board level. The committee would be charged to oversee development and operation of the ethics management program. Consider establishing an ethics management committee. It would be charged with implementing and administrating an ethics management program, including administrating and training about policies and procedures, and resolving ethical dilemmas. The committee should be comprised of senior officers. Consider assigning/developing an ethics officer. This role is becoming more common, particularly in larger and more progressive organizations. The ethics officer is usually trained about matters of ethics in the workplace, particularly about resolving ethical dilemmas. Consider establishing an ombudsperson. The ombudsperson is responsible to help coordinate development of the policies and procedures to institutionalize moral values in the workplace. This position usually is directly responsible for resolving ethical dilemmas by interpreting policies and procedures. Note that one person must ultimately be responsible for managing the ethics management program.

## **6.2 Discussions about the Survey Results**

Respondents were asked to rate any of the given three points (1 = Disagree, 2=Neutral and 3 = Agree). Where the mean score between 2.01 to 3.00 were rated as agree of the respondents. Table-1 and Figure-1 represent the mean response score and rank orders of different items related with business ethics and corporate governance in terms of relative importance to all the respondents.

**Table 1: Mean Response Score and Rank Orders of Different Items related with Business Ethics and Corporate Governance in Terms of Relative Importance to all the Respondents (N=100)**

<b>Items related with Business Ethics and Corporate Governance</b>	<b>Mean Rank</b>	<b>Rank Order</b>	<b>SD</b>
<b>Item-14:</b> For the establishment of corporate governance, ethical level must be maintained	2.82	1	.50
<b>Item-4:</b> Ethical orientation as well as punishment can help reduce unethical practices	2.81	2.5	.46
<b>Item-2:</b> For maintaining business, ethics willingness of business people is most important	2.81	2.5	.53
<b>Item-19:</b> Sometimes orientation and training program should be arranged for increasing consciousness about ethics and corporate governance	2.80	4.5	.45
<b>Item-12:</b> For unethical practices of business people respective law provisions should be strengthened	2.80	4.5	.43
<b>Item-16:</b> People involve with corporate governance with practices should know and follow some principles	2.78	6.5	.50
<b>Item-10:</b> Social leaders and intellectuals can also play a vital role to increase business ethics	2.78	6.5	.48
<b>Item-20:</b> For the sake of ethical business and effective corporate governance, ethics should also be maintained by other stakeholders of the business world	2.71	8.5	.50
<b>Item-3:</b> Law enforcing authority can help maintain business ethics but their roles are not visible	2.71	8.5	.61
<b>Item-17:</b> If business ethics level increases that will definitely help establish corporate governance	2.70	10	.56
<b>Item-15:</b> Business ethics has strong influence on the establishment and maintenance of corporate governance	2.68	11	.58
<b>Item-11:</b> Due to lack of consciousness and reluctance of legal authorities, business people do not care and behave recklessly	2.67	12.5	.59
<b>Item-5:</b> Main causes of poor ethics are lack of proper guidance, monitoring and accountability	2.67	12.5	.67
<b>Item-21:</b> As Bangladesh Police is empowered to do anything, still they are not taking sufficient steps to stop unethical business practices	2.62	14	.65
<b>Item-8:</b> Lack of reluctance and non-cooperation of government machineries, unethical practices are continuously going on	2.55	15.5	.67

<b>Item-13:</b> Execution of laws does not depend on the civil authorities only, rather legal authorities are mostly empowered to do so	2.55	15.5	.66
<b>Item-18:</b> Some government organization should take the responsibility for matching ethics and corporate governance	2.54	17	.64
<b>Item-9:</b> Proper political commitment can make the business people more ethical	2.39	18	.80
<b>Item-22:</b> Bangladesh Police is not interested to enjoy its power to establish corporate governance in business	2.29	19	.76
<b>Item-7:</b> Business people are not feeling any pressure from customers and consumer for maintaining ethics	2.28	20	.82
<b>Item-6:</b> Business people are not behaving ethically due to lack of consciousness of customers Item-1:and consumers	2.15	21	.82
<b>Item-1:</b> In Bangladesh, business ethics has drawn the attention of a large number of people	1.92	22	.86

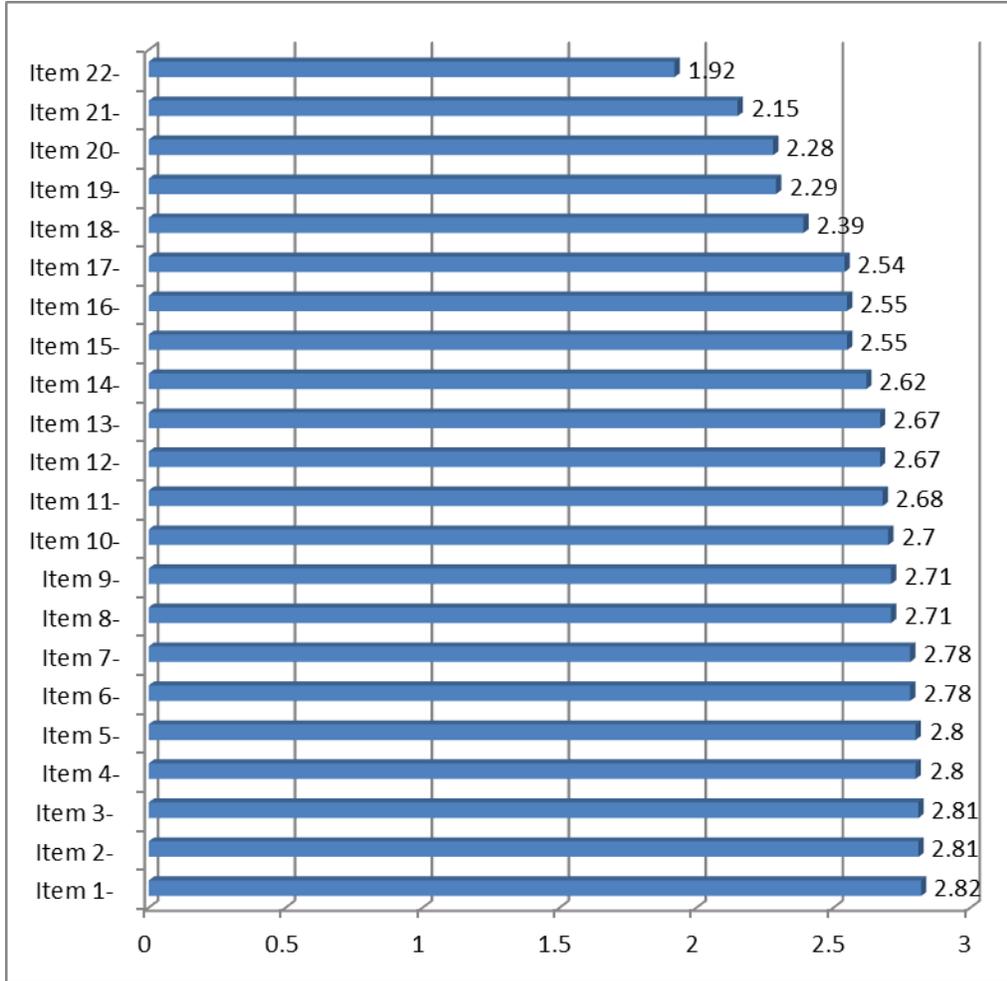
Source: Opinion survey. N.B.: SD=Standard Deviation

The results of the Table-1 and Figure-1 reveal that, among the 22 items, respondents have agreed with 21 items related with the business ethics and corporate governance. However respondents were disagreed with the item-1 which represents that ‘in Bangladesh, business ethics has drawn the attention of a large number of people’ ( $\bar{x}=1.92$ ).

Among the 21 agreed items related with business ethics and corporate governance, **Item-14** (For the establishment of corporate governance, ethical level must be maintained;  $\bar{x}=2.82$ ) was the most important factor for the respondents. The next were **Item-4** ( $\bar{x}=2.81$ ), **Item-2** ( $\bar{x}=2.81$ ), **Item-19** ( $\bar{x}=2.80$ ), **Item-12** ( $\bar{x}=2.80$ ), **Item-16** ( $\bar{x}=2.78$ ), **Item-10** ( $\bar{x}=2.78$ ) ranked from the second to seventh important items.

The next seven items were revealed as moderately important for the business ethics and corporate governance. These are **Item-20** ( $\bar{x}=2.71$ ), **Item-3** ( $\bar{x}=2.71$ ), **Item-17** ( $\bar{x}=2.70$ ), **Item-15** ( $\bar{x}=2.68$ ), **Item-11** ( $\bar{x}=2.67$ ), **Item-5** ( $\bar{x}=2.67$ ) and **Item-21**( $\bar{x}=2.62$ ) which were ranked from the eighth to fourteenth important items.

Figure-1: *Mean Scores of Different Items Related with Business Ethics and Corporate Governance in Terms of Relative Importance to all the Respondents (N=100)*



However, **Item-6** ( $\bar{x}$  =2.15), **Item-7** ( $\bar{x}$  =2.28), **Item-22** ( $\bar{x}$  =2.29), **Item-9** ( $\bar{x}$  =2.39), **Item-18** ( $\bar{x}$  =2.54), **Item-13** ( $\bar{x}$  =2.55) and **Item-8** ( $\bar{x}$  =2.55) were ranked from the second least to seventh least important items by the respondents.

### 7. Conclusions and Recommendations

In conclusion, we can say that ethical levels of business people of Bangladesh are not fully satisfactory. They mainly consider their business interests only, though their main interests were to serve the purposes the common people. Their roles could be monitored by the respective authorities. The business people do not act as per desire of the common people due to the absence of strict law/policy guidelines. Even they don't follow the religious principles regarding

production, assembling, processing, storing, marketing, quality control distribution and so on. They do not give emphasis on ethics rather profit. Most of them can do and undo many things for maximization of their profits. Due to absence of proper guidance, supervision, accountability and in some cases applying penalties, the business people do not follow the prescriptions of the existing laws and rules of the soil as well as religious principles. That is why yellow business practices are taking place and spreading up and misleading the societies and not taking care of the interests of the common people. Another reason of not taking care of the interest of the common people is absence of strong presence of consumer association. Actions of law enforcing agencies could not bring substantial benefits for the society. In case of advertising, adulteration, use of low quality and harmful materials for producing goods, both electronic and print Medias are not mobilizing affected people even. Political commitment is not remarkable, social leaders, and intellectuals are not in strong voice against these malpractices and are not working with high ethical values. That is why; Bangladesh could not establish good corporate governance and model of fair business as well as corporate social responsibilities. Though it was not a difficult task as because most of the people of Bangladesh belong to the best religious beliefs- Islam.

Under the above circumstances, we should say that, a strong political commitment can be of immense help for reducing unfair means and malpractices in different areas of business. Government machineries should act as per rules and they must emphasize the maximum interest of the common people. The business people should be imparted suitable orientation and training on different aspects and their duties and responsibilities from religious perspectives. Otherwise, all steps and actions might not be that much useful. They must be given knowledge that, their future generations are also being affected. So everybody should stop of adopting all sorts of unfair means and malpractices in business from very beginning to end.

For the sake of good corporate governance, strict application of laws and principles should not be ignored. Strong consumer association should come forward immediately and it should be funded by the concerned bodies. A certain percentage of profit may be deposited to the fund of the association. Without government involvement it may not be possible. All Medias and media people should also cooperate in this noble job. Social leaders, intellectuals as well as common people should be aware of their duties and responsibilities. Business police can be created and they may be assigned duties in the important business zones at the initial stage and phase by phase new areas should be included.

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