

**A Study on Effective Business Ethics and Role Behavior of Businessmen in
Ambur Town – Vellore District**

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Abstract

The purpose of the study is to identify the business ethics and the behavior of businessmen how they play with successful in the markets and it uses that has been based on mind based physiology, critical success factors, and sales management. The case study research was performed which identified forty individual behavioral with personal businesses. Data was presented in the form of tables. Based on the findings this study has to be performed well in order to assure the effects of business ethical behavior in India.

Keywords: Business Ethics, Behavior, philosophy, market system, law, medical, social and professional codes.

Introduction

Lot of interest has begun to be shown in the field of business ethics in India. On a substantive plane however, soul based philosophy is nothing but quasi metaphysics of a peculiar brand which is yet quite undefined. Mind based philosophy is nothing else but positive special science irrespective of its theoretical roots. It is therefore befitting that this aspect of objective social reality be considered for a short discourse. The Nature of the Beast: Business ethics as we see it is not quite the ethics of Aristotle or gleaned from Plato's Socrates or from the work of Spinoza but more from the concern shown in recent years by economists, sociologists, political scientist and jurists to name a few professions in respect of how organizations ought to behave and what they owe to society. Soul based philosophers, spiritualists and theologians in contrast held everything is absolute.

Topic Description of Study

Mathias adopts a position founded in the realms of "theological conviction". The term which should not also be confused with religion, since by religion we mean to include "ritual", which is precluded from "theological conviction" Chakraborty also adopts a position based on "theological conviction". The only two differences between Chakraborty and Mathias are (i) the former is based on academic research the second on scholastic beliefs. (ii) The former takes his cue from Hindu Philosophy whereas the latter takes his cue from Bible. There is no other differences between the two which is significant enough to categories them differently. Both of course are distinctly different from both Chakraborty and Mathias. His work is grounded in the holy texts differ is the reason why the holy texts differ because of the differences on the circumstances in which they were propounded proves our position yet again: ethics is context specific, person specific and time specific.

Where as judgment regarding right or wrong can and is subjective the judgment regarding good and evil is not. Hence to have a universal code of ethics for a particular calling or profession is possible but for the whole of mankind it is not. Let us elaborate. Based on a general level of acceptance, therefore, a societal group can adopt norms universal to it alone. However based on the mutable nature of social reality and the pluralist character of society all values are relative. Like Hegel maintained, there is no absolute truth except the Almighty. Hence to speak of a universal ethic so fraught with serious philosophical problems ascribing actions to “will” and “desire” as soul based philosophers tend to do may go down well in a religious congregation but will fail to cut ice in the sanctum sanctorum of academia.

Objective of the Study

The main purpose of the study is to identify the behavior of the business men in the marketing systems. The specific objectives of the study are

- To determine the role of the businessmen in day to day life.
- To determine the level of ethical pursue in their business.
- To determine the nature of professions in mankind.
- To determine the behavior of the businessmen.

Need of the Study

This study is about the effectiveness of business ethics and the role of business men in personnel business at Vellore district. It has both practical and theoretical significance. It spreads knowledge and understanding of how the business man has follow the business ethics and also their role in the personnel business, sales management and it may also be used to assist other small industries and to identify the effective morality in business.

Scope of the Study

The study was conducted within the area of ambur town with the individuals who have their personal business at Vellore district. The individual stress on business and their view and means of the business ethics was considered for the study. The study is limited to the personal business factors affecting the individual in the market system in ambur town at Vellore district, it does not candied other problems faced by the seller in personal business and it doesn't taken into consideration of their living and personnel issues. All findings are based on the information provided by the respondents, and are subject to the potential bias and prejudice of the people involved in the personal business.

Literature Review

Means to Achieve Ethical Ends

Norms and means for institutionalizing ethical implementation.

1. Distributive justice and social contracts.
2. Democratic dispassionate discourse
- 3 Market systems

4. Respect for process of social adaptation
5. Respect for law
6. Respect for professional codes.
7. Organizations as vehicles of ethical synergy
8. Respect for ritual and symbols.

Distributive Justice and Social Contracts

Special manner of Rawls (1971) few today would dispute that there should be equitable distribution of wealth. The minority would agree with only those decisions which would not worsen their own situation, even if those who are better off would gain more. If they entered into such a social contract distributive justice would automatically get established.

Democratic Dispassionate Discourse

The decision that go through a process of distributive justice can never be well informed unless there have been adequate and open public discussions. All of us take decisions that often have ethical implications. The pattern of ethical behavior are in built into what one learns instinctually as a child, from the mother is in context of family relationships and the result of profound social process.

Market System

Western writers in business ethics accord a high value to market systems, “market may be defined as one in which goods and services are exchanged at rates and in proportions which cannot be determined by a single person but by a self regulating mechanism of demand and supply”. Not only notify against merchants but also against pricing it lays down the margin on all internally made goods to be not more than 5% and on imported goods not more than 10%.

Respect of Process of Social Adaption

Respect for family and other institutions for socializing individuals in their ethical evolution is now understood as an important ethical value. Alacrity foundation of Tamil Nadu has made it a motto in their advertisement. Six types of influences on the culture of the Indian people contribute to their ethical responses:

1. Rule of books of ethics like (Thirukural, Arthashastra, Manusmriti (5th century BC)
2. The case study of ethical discourses.
3. Epics and literature - Ramayana, Mahabharata, Panchatanatra, Bhagavatham and the Jataka tales.
4. Regional work Alvars and nayanmars of Tamil Nadu (8th century AD)
5. Foreign emigrants and invaders Islam and Christianity
6. Myths, songs, books on ethics.

Respect for Law

Respect for law as an ethical value is highly regarded by Horner (1995) Law is a code of conduct which the authority in power prescribes for society. Law as it is now structural in India has two branches. Civil and Criminal

Civil Law:

Primarily deals with transactions that have to be settled between individuals. They usually have conditions for performance and damages for non performances — contract act.

Criminal Law:

Any breach serious enough to be of direct concern to the state comes under the purview of criminal law it deals with penalties and punishments.

Relationship between Law and Ethics

We give better specifications in our products than ISI or PFA. We give better perquisites to our workers than in the minimum wage Act; we take back goods categorical that sales once made are final; Stevens (1984) notes that Jain traditions are chary of breaking the laws of the land; they could do better than law.

“The state shall endeavor ... a uniform civil code. - Indian constitution Article 44 Becker (1964) has worked out a formula for the penalties to be provided by law $\text{Penalty} = \text{Loss of net social value by breach} / \text{the probability of being caught}$. To keep the cost of surveillance low if the probability of being caught is low; the penalty would be high.

An Overview of Indian Law

To appreciate the enormous range of Indian law we will look at some India laws which have an impact on business ethics. This includes, Law on taxation, Banking, Finance and Stock exchange regulations, Law relating to professional councils, the laws of corporate governance. E.g. Indian companies several recent enactments in India reduced the gap between the law and ethics of sellers and customers. Contract act sale of goods act, seeds act, food and adulteration act, consumer protection act, MRTP act

The field of industrial relations is replete with regulations: - Industrial dispute act, minimum wages act, and workman compensation act etc., environment protection act. The equal remuneration act provide for equal pay for equal work.

Prospect for Professional Codes

Respect for professional codes is an ethical value. The need for professional ethics arises since owners compulsively driven to make profits. Fukuyama (1995) believes that such councils acting as intermediaries can bring about stability, efficiency and trust in society. The institute of chartered accountants of India for example can ensure that its members do not falsely certify an account in a bid to get an abnormally high fee from those who they audit. If the buyers of the services of professionals have to pay too high a price to them World tend to get more professional information.

The Accountability of Accountants

The accountant according to Ijiri (1975 and 1983) has two rules in an organization as the supplier of information for decision making and for accountability. Ethical equity and fairness can be ensured only if there is no asymmetry of information and the same information is available to everyone correctly and fully. All accounts should be the form prescribed in the Arthashastra. Failure to do so will be punished. The accountant of India has two guilds, both invested with powers of regulation, including penalty and withdrawal of powers to practice - ICAI and ICWA.

Codes of the Medical Council of India

Medical ethics in India is under the stress of free market systems. Three features of the medical profession make it extremely sensitive to ethicality.

- I. The subject is extremely complex and it is not easy to measure.
2. The knowledge is highly uncertain.
3. On the interaction between a doctor and his clients can be maintained only by ethical principles.

Organization as Vehicles of Ethical Synergy

People may come and go but organizations will go on forever. The most striking demonstration of this phenomenon is the innovative companies Act. "Complexity of Modern organization what did the New Yorkers know about the care of the flock, the lost sheep and black sheep" -C.I. Barnard (Ryan and Scott 1995). The larger the organization the less complete is the information available to each member; hence the more necessary it becomes for the hierarchy to give ethical signals for values through a system of rewards and penalties.

The old order

Industries producer's good men forming the elite and high minded men of wealth are required for the state (Kural verse 731)

Stakeholders first

"The very purpose of the firm is to serve as a vehicle for coordinating stakeholder's interest"- R.E. Freeman (Donaldson and Preston 1995)

Get on, Get Honour, Get Honest

Several Indian managers who responded to a survey by Giri (1994) felt that the small — scale units which are usually on the brink of survival cannot afford the luxury of ethics. On the other hand big companies cannot afford to be unethical. They feel that one must first get on with their task then achieve honour and afford to be honest. The Japanese have been experimenting with efforts to increase cooperation and collaboration among small business for positive purposes.

Social Responsibility

The social responsibility of business is a contentious subject it must be understood as voluntary and philanthropic activity. To maximize positive impact on society and to minimize negative impact (Ferrell and Freidrich, 1994)

Respect for Rituals and Symbols

A growing number of people now feel that rituals and symbols of every culture are strong emotional and psychological supports for ethical sustenance. (Charkraborty 1991 97,138) Human resource management attempts to integrate the long term policy and planning of an organization with the development of its human resources. Mahesh (1993) believes that organizations should treat their employees as a gardener would his plants to enable them to achieve their greatest self fulfillment within the constraints of their stereotypes. To support what is considered useful for their profitability depends on attracting training and retaining a critical mass of self actualizing people.

Companies who run social welfare programmer feel that these induce an ethicality in the minds of their employees that makes them more effectives. Ethics of personnel policies in respect of recruitment, promotion and disciplinary action training and counseling.

Ethical recruitment should have the following features-

- Candidates should not be asked personal question which have no relevance to the job.
- To give equal opportunity to every citizen
- In private sector giving preference to employee's children could be an ethical practice.

Promotion Policies in India

Chakraborty (1995a: 209) who believes that discretionary promotions based on performance become unethical. In India many organization follows rewards by results. Japanese reward or loyalty and experience.

Sampling and Design of Questionnaire

The questionnaire consists of different questions on business ethics factors such as nature of the business, First generation businessmen, Hereditary businessmen, and also questions related to credit facility, quality of goods, customers attraction offers, products prevail, market structure, profitability, billing systems, competitors, contracts, raw materials of the businessmen. The questionnaire was developed by using a five point Likert scale, whereas 1= strongly agree, 2 = agree , 3 = neither agree nor disagree 4 = strongly disagree, 5 = agree. The secondary data used in the study have been collected from related journals, books, newspapers and internet, etc. In this study, some statistical measures such as descriptive statistics, variance analysis, frequency distribution, F-ratio, reliability and variability test and standard deviations etc, were used to examine the values and impact of business ethics.

Methodology of the Study

This chapter described the methodology and procedure adopted for the current study. The purpose of this chapter is to present a description of the actual process in

- (i) The development of the businessmen's ethical behavior scale;
- (ii) The computing of the scale value for each of the community of ethical behavior
- (iii) The test of reliability and validity.

(iv) The ascertaining of the normalcy of distribution of the ethical behavior scores. Using quantitative information and appropriate statistical measures.

Analysis and Findings

TABLE 1.1

Scale Values and Normalized Ranking of Community Wise Businessmen's Ethical Value

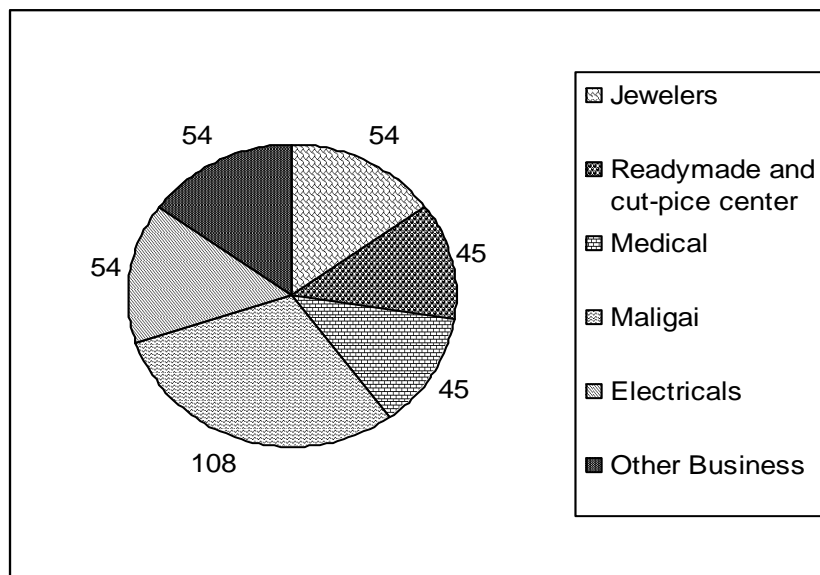
Community wise	Scale Value	Normalized Rank
Jain	102	1
Mudaliyar	92	3.5
Vanniyar	82	6.5
Chettyar	87	5
Muslim	82	6.5
Naidu	92	3.5
Other Community	93	2

The samples of 40 respondents ethical value have been surveyed 5 point liker scale have been used to measure the ethical behavior of the respondents. 25 ethical questions were asked and those who have scored less than 85% are considered less ethical and between 85 to 100 points were termed as moderately ethical and 100 are highly ethical. The above table shows that Jains are considered to be more ethical and Vanniyar and Muslims are less ethical and the other communities are moderately ethical.

TABLE 1.2

Nature of Business and Ethical Behavior

Nature of Business	No. frequency	Percentage	Degree
Jewelers	6	15	54
Readymade and cut-piece center	5	12.5	45
Medical	5	12.5	45
Maligai	12	30	108
Electricals	6	15	54
Other Business	6	15	54
Total	40	100	360



The sample covered 40 respondents of different business types. The study attempted to understand the different types of businessmen's ethical values. The table 1.2 shows that out of 40 respondents 15% of business persons are engaged in the Jewelers and 12.5% of business persons are engaged in Readymade and cut piece centre and the same in Medicals. The 30% of business persons are engaged in Maligai and 15% of business persons are engaged in Electrical and also the same in other business.

TABLE 1.3

Case Respondents Age Profile

Age Category	Number of Complete years	Number of cases	Percentage
Young	Upto 30 Years	5	12.5
Middle	Above 30 Years but below 40	17	42.5
Old	40 Years and above	18	45.00
Total		40	100

TABLE 1.4**Case Respondents Education Profile**

Level of Education	Numbers of cases	Percentage
Primary Education	19	47.5
Upto High School	8	20
Collegiate Education	13	32.5
Total	40	100

TABLE 1.5**Case Respondents Ethical Value Profile**

Ethical Value	No. of cases	Percentage
High Ethical	7	17.5
Moderately Ethical	24	60.2
Less Ethical	9	22.5
Total	40	100

The relationship between the independent variables (age, caste, education and ethical value) and the businessmen's ethical behavior is examined, taking the mean ethical behavior index (EB1) as the basic data and significance of difference was ascertained by a two way analysis of variance and an F ratio.

Statistical Tools used for Variance Analysis of Education and Ethical Behavior**TABLE 1.6**

Source of Variance	Sum of Squares	Degree of Freedom	Mean Square	F-ratio
Between Columns (education)	30	2	15	13.5
Between rows (ethical value)	81	1	81	5.4
Total	120	5	---	---

(i) Table value at 5% level of significance degrees of freedom (2,2) 19.0 calculated value of $F = 13.5$. Therefore the ethical value of businessmen and education differ significantly.

(ii) Table value at 5% level degrees of freedom (1,2) 18.5 Calculate value of $F = 5.4$. i.e. there is a significant difference between the education and ethical value.

Reliability Test

Reliability tests measure was done on 40 respondents. Pearson coefficient of correlation was used between the ethical values and member of respondents. As seen in the following table.

TABLE 1.7
Coefficient of Correlation of Ethical Values

X	Y	d=X-X'	X ²	d=Y-Y'	Y ²	dx dy
72.5	1	-17.5	306.25	-4	16	70
77.5	2	-12.5	156.25	-3	9	37.5
82.5	7	-7.5	56.25	2	4	-15
87.5	13	-2.5	6.25	8	64	-20
92.5	8	2.5	6.25	3	9	7.5
97.5	2	7.5	56.25	-3	9	-22.5
102.5	3	12.5	156.25	-2	4	-25
107.5	4	17.5	306.25	-1	1	-17.5
$\Sigma X=720$	$\Sigma Y = 40$	$\Sigma X=40$	$\Sigma x^2=1050$	$\Sigma Y = 0$	$\Sigma Y^2=116$	$\Sigma dx dy = -15$

$$X' = 720/8 = 90 \quad Y' = 40/8 = 5$$

$$r = \Sigma XY / \sqrt{\Sigma X^2 \Sigma Y^2} = -15 / \sqrt{1050 * 116} = -15 / 348 = -0.043$$

The Coefficient of Correction between the variables was $r = -0.043$

Norms of Distribution of Scores

The businessmen's ethical behavior scores obtained by the 40 respondents were to be tested for normal distribution in this regard. The frequency distribution with class width 5 mean median modes and standard deviation and test of goodness of fit were the tools used. The working details are shown in table and the results are presented thereafter.

TABLE 1.8
Percentage Frequency of Ethical Behavior 40 Respondents

Ethical behaviour score	Mid point	Frequency	Cumulative Frequency	Cumulative Percentage
70-75	72.5	1	1	2.50
75-80	77.5	2	3	7.50
80-85	82.5	7	10	25.00
85-90	87.5	13	23	57.50
90-95	92.5	8	31	77.50
95-100	97.5	2	33	82.50
100-105	102.5	3	36	90.00
105-110	107.5	4	40	100

Total (N) = 40

Rate = $1/N = 1/40 = 0.025$

Measure of Central Tendency - Measure of central tendency were

Arithmetic Mean 81.875

Median = 88.846

Mode = 87.72

Measure of Variability

The value of standard deviation was found to be 6.52

TABLE 1.9

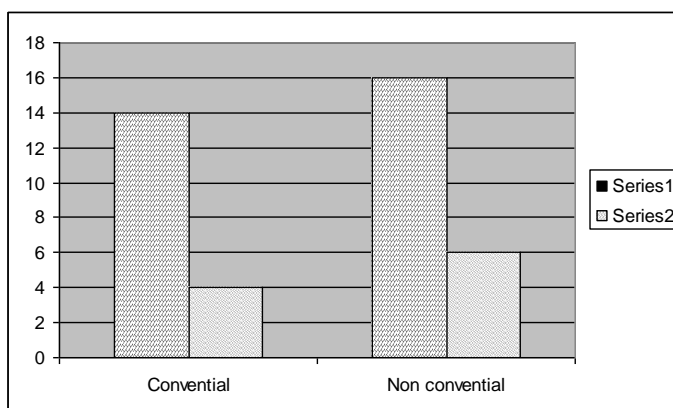
Ethical Value X	X-X'	Cumulative Frequency
102	12	144
92	2	4
82	-8	64
87	-3	9
82	-8	64
92	2	4
93	3	9

Finally to test whether the set of observed frequencies in the distribution had arisen from a normal distribution of population Test of goodness of fit was calculated.

TABLE 1.10

Conventional and Nonconventional Businessmen Ethical Behavior

Businessmen Particulars	More Ethical	Less Ethical	Total
Conventional	14	4	18
Non Conventional	16	6	22
Total	30	10	40

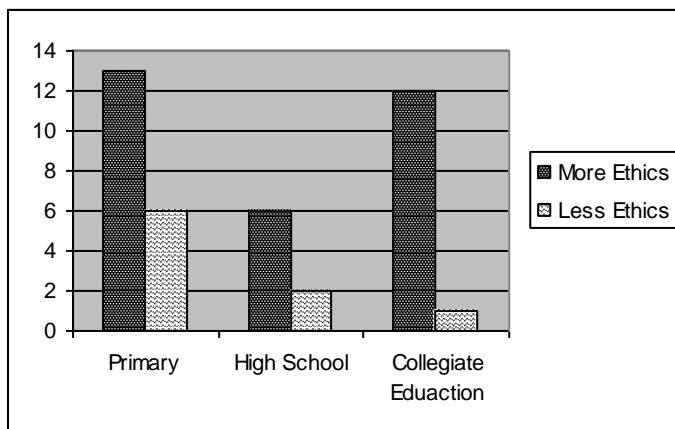


The study attempted to understand the ethical values of conventional businessmen and non conventional businessmen. The table shows that out of 40 respondents 45% of the respondents are conventional and 55% of the respondents are non conventional businessmen. In 45% of conventional businessmen 35% of the respondents are more ethical and 10% are considered to be less ethical. In 55% of non conventional businessmen 40% of the respondents are more ethical and 15% are less ethical. Testing Hypothesis As the calculated value is less than the table value the Hypothesis is accepted. i.e Conventional businessmen are more ethical than non conventional businessmen.

TABLE 1.11

Educational Qualification and Ethical Values and Ethical Values

Educational Qualification	More Ethical	Less Ethical	Total
Primary Education	13	6	19
High School	6	2	8
Collegiate Education	12	1	13
Total	31	9	40

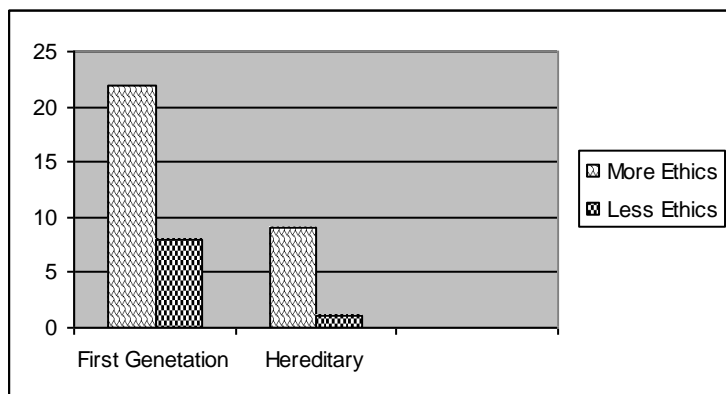


As the calculated value is less than the table value the hypothesis is accepted. i.e. Education influences the ethical value of businessmen higher the education better will be the ethical value of businessmen.

TABLE 4.4

Business Ethics of Hereditary Business and First Generation Businessmen

Particulars	More Ethical	Less Ethical	Total
First Generation	22	8	30
Hereditary	9	0	10
Total	31	9	40



The study attempted to understand the ethical behavior of hereditary and new entrants. The table shows that out of 40 respondents 25% of businessmen are hereditary and 75% of the businessmen are new entrants. In the 75% of businessmen 55% are more ethical and 20% of the respondents are less ethical. The points are shown in bar diagram. The calculated value is less than the table value. Hence it is accepted. I.e. Hereditary businessmen are more ethical than first generation businessmen.

Conclusion

The above study gave an opportunity to understand many aspects about business ethics. A review of literature in the broad area was helpful to understand the ethical values. There is a difference in ethical behavior of conventional and non conventional businessmen. The study states that conventional businessmen are more ethical than the non conventional businessmen. The most vital contribution of the study was the development of scale to measure businessmen ethical behavior. The study states that all ethical businessmen are successful in their business.

There is no difference between the mean ethical value of the universe and of the sample. Business could be successful if it has good ethics built in its system education influence the ethical behavior. The businessmen who happened to constitute the sample of respondent were in different age groups, caste, education and it makes the study more efficient and understand the ethical behavior of businessmen.

Suggestion & Future Studies

It is suggested that the sample size need to be large so that the conclusion will be generalized only the rural businessmen have been surveyed. It will be interesting to study about the urban businessmen. Future studies may aid in identifying and understanding the factors that impact women's and men's responses to ethically sensitive situations of both a personal and business natures.

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