

**Title of the Paper: Business Ethics vs. Workplace Ethics in VUCA times**

**Authors Names**

First Author & Profile

**Prof. Dr. Justin PL**

CEO - Winstar Training & Consulting Bangalore ,

**E-mail ID: [drjustin2000@gmail.com](mailto:drjustin2000@gmail.com) ; Contact number : 91- 9980343857**

Second Author and Profile:

**Prof. Dr. M. Bala Koteswari**

Professor –

The Oxford College, Bangalore

**E-mail ID: [drbalakoteswari@gmail.com](mailto:drbalakoteswari@gmail.com) ; Contact numbers:9945211674**

**Business Ethics vs Workplace Ethics in VUCA times**

**Abstract**

*In the present scenario of Volatility, Uncertainty, Complexity and Ambiguity (VUCA), sustainability of business is a challenge and establishing strong ethical culture is the need of the day. With the pressures in the business from all the stakeholders everyone wants to excel and perform and results are emphasised and not the means. Meeting deadlines is more important than how the work is done. But, organizational culture and values will help in developing ethical culture specially the attitude and behaviour of the top management which sets an example for the stakeholders. Present paper attempts to identify the ethical issues and the attitudes of the employees towards ethical practices at work and propose suggestions to enhance and reinforce the ethical culture and values in the organization to have better interpersonal relationships with the stakeholders and build positive reputation and image of the organization in the business environment.*

*Key Words: Volatility, Uncertainty, Complexity, Ambiguity, Stakeholders, Ethical culture*

*Business values and principles really have no meaning unless you can put them into effect.*

*Implementation processes and approaches are absolutely critical.*

- Robin Aram, Vice President external relations and policy  
development, Shell International

**Overview of Business in VUCA times**

In the age of Volatility, Uncertainty, Complexity and Ambiguity (VUCA), the powerful forces that are driving change in today's world globally are Technology, Globalization,

Intangible assets and Talent Management. The complexity of business environment is constantly throwing challenges on the organizations to maintain integrity and ethical practices in place. “A company’s ethical behaviour is the mirror image of its culture, a shared set of values and guiding principles deeply ingrained throughout the organization and the ethical behaviour and culture become part of the definition of corporate identity” (D’Amato, Henderson & Florence 2009). Business Ethics is a major term that includes CSR, Bribery, Corruption, Fraud, Whistle Blowing, Insider Trading, Socially Responsible Investing, etc. (Shultz 2015).

### **A Glimpse on Challenges in Business**

#### ***Technology Vs Human interface***

Revolution in technology is bringing huge challenges for the business in Volatile, Uncertain, Complex and Ambiguous (VUCA) times. Through Internet and Intranet huge data is being transmitted from anywhere to everywhere. This poses challenges of misusing the data by the stakeholders. Copyright infringement, virus transmission, hacking, etc are the threats from mismanagement of data. Research into how employees use or misuse the Data from Creative Technologies, a Bangalore based Cyber-security software Company revealed that

- 50% of employees say they frequently use internet for personal reasons at work
- 75% of the employees admit to sending or receiving personal e-mails at work.

Interesting facts came out in the study that Axon Technologies, separated 10 employees and suspended 25 employees for sending obscene e-mails. The best way to control is to prevent the employees from doing these practices by installing specialist software and firewalls. These software screen the words, messages and content with key words where administrator would monitor and blows the whistle.

Following steps can be taken by the organizations to control the misuse of technology

- Keeping thorough check on the information flowing inside and out of the organization
- Highlighting the legal responsibilities and liabilities to the employees
- Involving employees in discussions pertaining to establishing standards

### **Globalization vs Localisation**

Many forces are driving globalisation: Communications Technology, improvements in the transport infrastructure, deregulation, freer trade and freer movement of people. The ethical dimension of globalisation is beginning to be debated. For instance, Colin Hines author of Localization – A Global Manifesto, puts the case that there are downsides to globalisation such as damage to domestic industries and consequence local job losses (Chris Moon and et., 2006). Global business work with various languages, cultures, taxations, different rules and regulations and operates 24 hrs a day.

Global Managers should ensure the following to be successful in business

- Being aware of local laws, tax regime, rules and regulations
- Knowing local culture and values
- Being aware of competitors in that area
- Being able to motivate their employees meeting the motivations needs

### **Intangible assets Vs Tangible assets**

Building, equipment and infrastructure which are reflecting the balance sheet are the tangible assets of the company. Whereas intangible assets include employee satisfaction, customer satisfaction and loyalty, supplier and vendor satisfaction. The ability of the organisation to innovate and codify the knowledge about a process or product for the company will be

organizational asset. But the intangible assets are hard to quantify. Business success is driven by the company's ability to use the tangible and intangible assets effectively. With more stakeholders in the company more complex are the ethical issues.

Organizations can take following steps to adhere to compliances

- Conducting regular studies to understand the reputation of the company
- Stakeholder relationship has to be monitored and maintained
- Contributions of the employees has to be documented
- Whistle blowing has to be encouraged

### **Talent Management vs Mismanagement**

Among the intangible assets of the organization, employees with talent, capability of thinking out of box and inventing new are valuable for the company. Especially the country like India which has more young talent compared to other countries globally. With women as half the workforce and fierce competition among firms, talent management is a big challenge for the organizations. Mckinsey reports that an average executive today works in five companies but estimate that in another ten years it might be seven (Chambers, 1998). Organizations are offering attractive pay packages and increments to retain and satisfy the employees but in vain. A survey of 10,000 workers has been conducted in 32 countries by Hudson Institute and found that 42% of the employees believe that their employers deserve their allegiance (O'Malley, M.N et.al., 2000). To attract and retain the talent pool organizations has to take up the following initiatives

- Considering employees as brand ambassadors
- Two-way contract between employer and the employee
- Implementing policies towards environmental considerations

- Flatter organizational structures
- Strong values and culture development
- Sharing profits with the employees
- Provide working conditions in a way employees have work-life balance
- Regular employees attitude surveys

### **Objectives and Methodology**

The objective of the study is to analyse and evaluate employees' perceptions on ethical practices and compliance programs in organizations. An employee attitude survey has been conducted across various sectors and organizations which has Code of Ethics and Compliance programs in place. 300 employees were selected at random and 150 employees responded in the survey. Simple random sampling technique and Snowballing technique was followed to select the respondents. The time period of the study was 3 months covering employees from various organizations in Bangalore. The employees were belonging to both public and private sector and were of the age of 25 – 50 years and both men and women were considered for survey. The survey findings will help the organizations involved to have insights and guidance on how to create and sustain a culture of integrity. Employees attitudes towards the following issues was collected and:

- Opinion on using office internet for personal use
- Making Personal calls during office work
- Misusing office stationery which includes wasting or carrying it home
- Opinion on prioritising friends/relatives than deserving candidates while hiring employees
- Misusing sick leaves

- Claiming fake petrol bills to the company
- Manipulating travel expenses
- Willingness to raise the voice in case of violation
- Importance of formal ethical training
- Awareness of misconduct in their organization
- Employees beliefs in practicing honesty
- Pressure to compromise on ethical standards

### **Data Analysis and Findings**

From the data collected from Survey the following were the findings. When the employees were asked about their attitude towards ethical practices in their organizations, they revealed their responses which were compiled in percentage. When respondents were asked about their Opinion on using office internet for personal use, 35% of the respondents expressed that its acceptable to use office internet for personal use and 65% of the respondents felt its unacceptable. 40% of the respondents felt that its acceptable and it's alright to do personal calls during office work and 60% of them felt its unacceptable. Misusing office stationery which includes wasting or carrying it home was acceptable for 35% of respondents and also felt that there is nothing wrong in doing so. 65% felt that its wrong to carry office stationery home and its unacceptable. 15% of the respondents are of the Opinion that prioritising friends/relatives than deserving candidates while hiring employees is acceptable and 85% of them felt its not acceptable to prioritise their relatives/friends over deserving candidates. 54% felt that its acceptable to misuse sick leaves and 46% felt its unacceptable. Claiming fake petrol bills to the company was acceptable for 22% of the respondents and 78% felt that its wrong and unacceptable to cheat the organization. 13% respondents felt that Manipulating travel expenses is acceptable and 87% felt its unacceptable. 16% of the respondents were

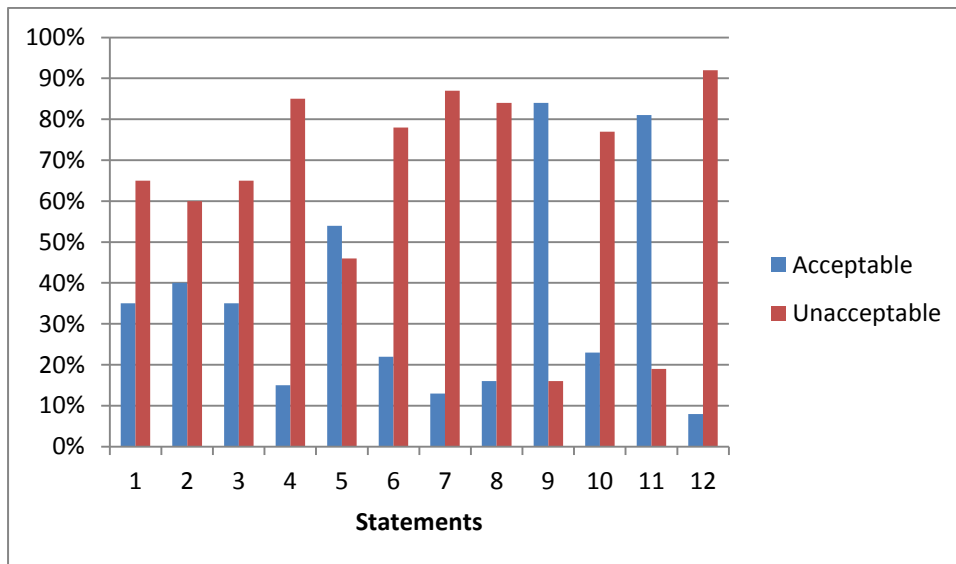
showing willingness to raise the voice in case of violation of ethics and 84% were not willing. 84% respondents felt that formal ethical training is required to instil ethics in the employees and 16% felt that ethical training is not necessary. 23% of the respondents are aware of misconduct of others in their organization and 77% are unaware. 81% of the Employees believe in practicing honesty and 19% of the respondents are unacceptable of the fact that honesty is essential. Only 8% of the respondents feel the Pressure to compromise on ethical standards and 92% doesn't feel the pressure.

Table I showing the responses (in percentage) of the respondents to the questions posed in the survey

Statement	Acceptable	Unacceptable
1. Opinion on using office internet for personal use	35%	65%
2. Making Personal calls during office work	40%	60%
3. Misusing office stationery which includes wasting or carrying it home	35%	65%
4. Opinion on prioritising friends/relatives than deserving candidates while hiring employees	15%	85%
5. Misusing sick leaves	54%	46%
6. Claiming fake petrol bills to the company	22%	78%
7. Manipulating travel expenses	13%	87%
8. Willingness to raise the voice in case of violation	16%	84%
9. Importance of formal ethical training	84%	16%
10. Awareness of misconduct in their organization	23%	77%
11. Employees beliefs in practicing honesty	81%	19%
12. Pressure to compromise on ethical standards	8%	92%



Graph 1 showing the responses of the respondents in percentage



### Suggestions and Recommendations

Present paper with the above findings from the survey proposes the following suggestions to the organisations to build positive attitude among their employees and to establish ethical culture and develop integrity.

#### *Integrating ethics into organizational culture*

Organization has to define the rules and responsibilities for the employees through strong compliance approaches. Culture and values of the organization has to be strongly built right from the top management and down the line to enhance and instil the same in the employees. Employees normally follow the compliances out of fear and to avoid punishment and not out of the attitude of law abiding. Employees normally will forget what they have learnt in the ethical training given in the organization and will do what is required to finish the job. Hence

the compliance approaches, values, culture, practices, process has to be strongly reinforced by 360 degree approach of implementation.

### ***Role of leadership***

Leaders play a pivotal role in establishing the ethical standards in the organization withstanding the business environmental pressures which include suppliers, customers, competitors and employees etc. Transformational leaders will help in establishing the ethical culture and values in the organization. Leaders themselves has to set the example for the employees to follow and transform their mind-set to be complaint to the organizational code of conduct not out of fear of punishment but out of respect for the values and culture.

### ***Role of Human Resources Management in building ethical culture***

Ethical practices in human resources management like recruitment, Selection, training, performance management, compensation has to be followed which is a precursor to develop ethical culture in the organization. The best example is the business house TATA. TATA ensures their ethical culture by hiring the employees with right attitude towards work irrespective of their background. Hence right HRM practices will make a difference in establishing the workplace ethics.

### ***Ethical Training***

Regular training of employees in ethics will help in reinforcing the expectations of the organisation from the employees. Training can comprise of internal trainers as well as external trainers focussing on instilling confidence and trust among the employees. In the training calendar of the organization this has to be part and parcel. Organization has to

prioritise ethical values and culture in framing the vision and mission of the company and give a stakeholder approach of ethical practices and eradicate the ethical dilemma. Participative decision-making session as a part of training can help them to contribution in establishing compliances in the organization.

### **Conclusion**

Business environment in the VUCA and following ethical practices is a challenge. Values and culture plays an important role which are established by the founder and top management and followed down the line. Stakeholders like Customers, Suppliers, employees, vendors, competitors etc. has to have confidence and trust in the organization to continue good interpersonal relationship. Business ethics are the broader perspective of the organizational practices followed with the stakeholders whereas workplace ethics are the practices of the employees who exhibit their behaviour in their work and job. Present paper intends to bring out the issues and perspectives of the employees towards the ethical practices in their organization and their opinions are collated to derive the findings and propose suggestions. Integrating ethics into the culture of the organization, role of leadership, importance of role of human resources management and emphasizing ethical training in the organization will helping reinforcing the ethical cultural and helps in rededication of the employees towards ethical practices and values of the organization.

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#### **Weblinks**

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