

Business Ethics

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Ethics:

The word "Ethics" has originated either from Latin word "Ethicus" or the Greek word "Ethicos". Both these words originated from the word "ethos" which means character.

Ethics is a system of moral principles, rules and code of conduct. As a science of moral principles, ethics gives guidelines on what is right or wrong for the concerned people.

Business:

Business is an economic activity that involves the exchange, purchase, sale or production of goods and services with a motive to earn profits and satisfy the needs of customers. Businesses can be both profit or non-profit organizations that function to gain profits or achieve a social cause respectively.

Business is an organization comprising people who strive together to achieve common objectives and goals.

A Business may be defined as, an activity organised and operated to make available goods and services to the society under the profit motive.

Prof. Owen defines, "A Business is an enterprise engaged in the production and distribution of goods for sale in the market or rendering of services for a price"

Business Ethics:

"Business Ethics is generally coming to know what is right or wrong in the work place and doing what is right. This is in regard to effects of products/services and in relationship with the stake holders." —Cater Mcnamara

“Business Ethics is an art and science for maintaining harmonious relationship with society, its various groups and institutions as well as recognizing the moral responsibility for the Tightness and wrongness of business conduct”, as said by Wheeler.

Business ethics can be said to begin where the laws ends. It is primarily concerned with those issues not covered by the law.

Characteristics/Features of Business Ethics:

- **Code of Conduct** – Business ethics is actually a form of codes of conduct. It lets us know what to do and what not to do. Businesses must follow this code of conduct.
- **Based on Moral and Social Values** – Business ethics is a subject that is based on moral and social values. It offers some moral and social principles (rules) for conducting a business.
- **Human behaviour & conduct:** Business ethics is concerned basically the study of human behaviour and conducts.
- **Philosophy:** Business ethics is a philosophy to determine the standards and norms to make mutual interactions and behaviour between individual and group in organisation.
- **Science as well as Art:** Business ethics may be an ‘Art’ as well as ‘Science’ also.
- **Protection to Social Groups** – Business ethics protect various social groups including consumers, employees, small businesspersons, government, shareholders, creditors, etc.
- **Offers a Basic Framework** – Business ethics is the basic framework for doing business properly. It constructs the social, cultural, legal, economic, and other limits in which a business must operate.
- **Voluntary** – Business ethics is meant to be voluntary. It should be self-practiced and must not be enforced by law.
- **Requires Education & Guidance** – Businessmen should get proper education and guidance about business ethics. Trade Associations and Chambers of Commerce should be active enough in this matter.
- **Relative Term** – Business ethics is a relative term. It changes from one business to another and from one country to another.
- **New Concept** – Business ethics is a relatively newer concept. Developed countries have more exposure to business ethics, while poor and developing countries are relatively backward in applying the principles of business ethics.
- **Corporate Social Responsibility:** Business ethics aims to emphasise more on social responsibility of business towards society.

The advantages / benefits of Business Ethics are:

1. Social Well-being: Focus on Business Ethics has improved social well-being. Exploitation of workers, monopolistic price fixing and profiteering, intimidation and harassment of employees at workplace, etc. cannot be practiced by business enterprises now. The Society has demanded that business enterprises place high value on fairness and equal rights, thus resulting in improved social welfare.

2. Public Image: The fact that an organization regularly gives attention to its ethics can portray a strong and positive corporate image to the public. Society regards organizations as valuing people more than, profit, and striving to operate with utmost integrity, fairness and equity.

3. Maintaining Moral behaviour in times of change: Business Ethics is useful during times of fundamental change, where there is no clear moral compass to guide leaders through complex conflicts about what is right or wrong. Continuing attention to ethics in the workplace sensitizes leaders and staff for maintaining consistency in their actions.

4. Teamwork and Productivity: Where a Firm finds disparity between its preferred values and the values actually reflected by workplace behaviour, continuous attention and dialogue regarding values, builds openness, integrity and community, all critical ingredients of strong teams in the workplace. Employees feel strong alignment between their values and those of the organization. They react with strong motivation and performance.

5. Employee-friendly Policies: Attention to ethics ensures highly ethical policies and procedures in the workplace. For example, in the matter of ethical treatment of employees vis-a-vis hiring, evaluating, disciplining, training, terminating, etc, most Firms feel that it is far better to incur the cost of mechanisms to ensure ethical practices than to incur costs of litigation later.

6. Employee Growth: Attention to ethics in the workplace helps employees face reality, both good and bad, in the organization and gain the confidence of dealing with complex work situations.

7. Compliance with Law: Ethics programs help avoid criminal "acts of omission" and can reduce fines. Focus on Ethics and Values, will result in early identification of ethical issues and violations, so that they can be reported / addressed / remedied.

8. Total Quality Management (TQM): TQM initiatives include high priority on certain operating values, e.g. trust among stakeholders, performance, reliability, measurement, and feedback. Ethics programs help identifying preferred values and ensuring that organizational behaviors are aligned with those values for TQM purposes.

9. Diversity Management: Ethics management programs are useful in managing diversity. Diversity programs require recognizing and applying diverse values and perspectives, which are the basis of a sound ethics management program. .

10. Strengthening the Organisation: Managing Ethical Values in businesses - (a) legitimizes managerial actions, (b) strengthens the coherence and balance of the organization's culture, (c) improves trust In relationships between individuals and groups, (d) supports greater consistency in standards and qualities of products, and (e) cultivates greater sensitivity to the impact of the enterprise's values and messages.

The benefits of business ethics are listed group wise:

1. Customers:

- i. Receive quality goods.
- ii. Pay reasonable price.
- iii. No difficulty in obtaining goods.
- iv. No price discrimination.
- v. No price fluctuation.

2. Employees:

- i. Fair wages.
- ii. Better working conditions and working environment.
- iii. Recognising human feelings.
- iv. Reward for efficiency.
- v. Job security
- vi. Participation in management.
- vii. Proper personnel policy.

3. Industry:

- i. Healthy competition.
- ii. Better co-operation and co-ordination.
- iii. Steady growth.

4. Business:

- i. Adequate Profit.
- ii. Fast growth.
- iii. Fast diversification of business.
- iv. Less labour turnover.

5. Society:

- i. Better utilisation of resources.
- ii. Improving standard of living.
- iii. No pollution problem.

6. Government:

- i. Prompt collection of taxes.
- ii. Development of nation
- iii. Easy implementation of legislation.

Corporate Ethics: Fundamental Principles of Ethics/Business Ethics/Managerial Ethics

The Golden Rule of Ethics: Be Empathetic

One should treat others as one would like others to treat oneself (positive or directive form).

One should not treat others in ways that one would not like to be treated. (negative or prohibitive form)

PRINCIPLES OF BUSINESS ETHICS

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- Fairness
- Respect for Others
- Trustworthiness
- Law Abiding
- Respect
- Commitment to Excellence
- Responsibility
- Leadership
- Reputation & Morale
- Concern for Others
- Accountability
- Caring
- Integrity
- Citizenship
- Promise-Keeping
- Honesty
- Loyalty
- Eco-friendly



source : www.businessethics.org

- **Integrity:** Being straightforward, honest and truthful in all professional and business relationships. You should not be associated with any information that you believe contains a materially false or misleading statement, or which is misleading by omission.
- **Objectivity:** Not allowing bias, conflict of interest or the influence of other people to override your professional judgement.
- **Be Empathetic:** One should treat others as one would like others to treat oneself
- **Professional behavior & competence:** An ongoing commitment to your level of professional knowledge and skill. To comply with relevant laws and regulations. You must also avoid any action that could negatively affect the reputation of the profession.
- **Confidentiality:** You should not disclose professional information unless you have specific permission or a legal or professional duty to do so.
- **Honesty**
- **Kindness/ Benevolence**
- **Fulfill your duties**
- **Commitment (Keep Promises)/ Meet obligations: Always fulfill your commitments towards your stakeholders.**
- **Happiness/Good /No harm for all/ The Principle of Beneficence:** We have an obligation to bring about good in all our actions.
- **Be Trustful:** Customers prefer doing business with organizations that they could rely on.
- **Keep an open mind:** The leaders of an organization should always be open to new ideas and philosophies. Continuous feedback from customers and other stakeholders should always be invited.
- **Have clear, precise and professional documentation:** Make sure that all the print material or documents provided to stakeholders are clear, precise and professional in nature. Misinterpretations or misleading information should be avoided.
- **Get involved in Community development:** Get involved in activities leading to growth and development of the community, thus demonstrating a responsible behavior.

- **Be respectful:** Respectful behavior with courtesy and politeness is required, regardless of any biases in terms of position, age, gender, etc.
- **Maintain Accounting Control:** Control over accounting and record keeping helps in maintaining fairness and also in avoiding questionable activities. Accurate business records should be maintained and made available to authorized persons.
- **Encourage Healthy Competition:** Healthy competition in the market provides certain benefits to the customers, so it should not be destroyed. Unhealthy competition by defaming the competitor by unfair means should be avoided.
- **Pay Taxes Honestly & Regularly:** Pay all your liabilities in terms of taxes or duties to the government timely and honestly. Expecting undue favour from officials through bribery or lobbying should be avoided.
- **Fair Treatment with Employees:** Employees should be treated fairly, avoiding injustice and discrimination among them on the basis of gender, caste, religion, nationality, etc

Factors influencing Business Ethics

Business leaders today are well aware of the ethical issues and hence they want to improve the ethical standards of the business. Self-regulation and there are also a number of factors, which significantly influence the managers to take ethical decisions. Some of them are:

1. Personal Code of Ethics / Individual Characteristics

A man's personal code of ethics that is what one considers moral is the foremost responsible factor influencing his behavior.

2. Legislation

It is already stated that the Government will intervene and enact laws only when the businessmen become too unethical and selfish and totally ignore their responsibility to the society. No society can tolerate such misbehavior continuously. It will certainly exert pressure on the Government to prohibit such unhealthy behavior of the businessmen.

3. Government Rules and Regulations

Laws support Government regulations regarding the working conditions, product safety, statutory warning etc. These provide some guidelines to the business managers in determining what are acceptable or recognized standards and practices.

4. Ethical Code of the Company

When a company grows larger, its standard of ethical conduct tends to rise. Any unethical behavior or conduct on the part of the company shall endanger its established reputation, public image and goodwill. Hence, most companies are very cautious in this respect. They issue specific guidelines to their subordinates regarding the dealings of the company.

5. Social Pressures

Social forces and pressures have considerable influence on ethics in business. If a company supplies sub-standard products and get involved in unethical conducts, the consumers will become indifferent towards the company. Such refusals shall exert a pressure on the company to act honestly and adhere strictly to the business ethics. Sometimes, the society itself may turn against a company.

6. Ethical Climate of the Industry & Competition

Modern industry today is working in a more and more competitive atmosphere. Hence only those firms, which strictly adhere to the ethical code, can retain its position unaffected in its line of business.

7. Exemplary behavior by Leaders/Managers

Employees learn from their leader. Leader should be ethical, with high character.

8. Co-workers/peers influence

9. Organization's Policy & Strategy: Values should be integrated with corporate mission, code of conduct, code of ethics, ethical audits, etc.

10. Relationship between management & employees

Example of Unethical Business Practices

Satyam Computers, a global IT company, was defamed in a notorious list of companies involved in fraudulent financial activities.

Values

According to I. J. Lehner and N.J. Kube, "Values are an integral part of the personal philosophy of life by which we generally mean the system of values by which we live. The philosophy of life includes our aims, ideals, and manner of thinking and the principles by which we guide our behavior"

According to T. W. Hippie, "Values are conscious or unconscious motivators and justifiers of the actions and judgment"

A value is a shared idea about how something is ranked in terms of desirability, worth or goodness. Sometimes, it has been interpreted to mean "such standards by means of which the ends of action are selected".

It is important and lasting beliefs or ideals shared by the members of a culture about what is good or bad and desirable or undesirable.

- Your values are deeply personal and uniquely yours.

- They are the things that you consider to be important and meaningful in the way that you choose to live your life.
- They define your moral purpose in life.
- You will naturally find yourself drawn to people, ideas, events, etc., that align with your values, and they will inspire you to take action accordingly. (Hence, the reason why we can sometimes strike up meaningful relationships with people when we have only known them for a short time.)

Defining Values

Value is an enduring belief that a specific mode of conduct or end state of existence is personally or socially preferable to the alternative modes of conduct or end states of existence. After it is internalized, consciously or unconsciously, it becomes a standard or criterion for guiding action, for developing and maintaining attitudes towards relevant objects and situation, for justifying and judging our own as well as others' actions. Thus, value is a standard or the yardstick to guide actions, attitudes, evaluations and justifications of self and others.

According to Zaleznik and David-“Values are the ideas in the mind of men comparable to norms in that they specify how people should behave. Values also attach degrees of goodness to activities and relationships”

According to J Lehner and NJ Kube-“Values are the integral part of personal philosophy of life by which we generally mean the system of values by which we live. The philosophy of life includes our aims, ideals and manner of thinking and the principles by which we guide our behavior”

Values are principles that guide our behavior to fulfill ourselves as individuals. They are fundamental beliefs that help us prefer, accept and choose one thing over another or a behavior over another. They are also a source of satisfaction and fulfillment. They provide a guideline to formulate goals and objectives, whether personal or collective. They reflect our keenest interests, feelings and convictions.

Types of values

Some values are physiologically determined and are normally considered objective, such as a desire to avoid physical pain or to seek pleasure. Other values are considered subjective, vary across individuals and cultures, and are in many ways aligned with belief and belief systems.

Values are standards or ideals with which we evaluate actions, people, things, or situations. Beauty, honesty, justice, peace, generosity are all examples of values that many people endorse. In thinking about values it is useful to distinguish them into three kinds:

Moral values: values that help determine what is morally right or wrong, e.g. freedom, fairness, equality, etc, well-being. Those which are used to evaluate social institutions are sometimes also known as political values.

Aesthetic values: values associated with the evaluation of artwork or beauty .Aesthetic value is a judgment of value based on the appearance of an object and the emotional responses it evokes. While it is difficult to

objectively assess aesthetic value, it often becomes an important determining factor in overall value; things people perceive as attractive tend to be in higher demand, and will cost more than comparable objects without the aesthetic component. For example, two homes in India with similar amenities, locations, and sizes can sell for radically different prices if one is a custom-designed according to vastu while the other is a generic manufactured home.

Universal values: we can speak of universal values, because ever since human beings have lived in community, they have had to establish principles to guide their behavior towards others. In this sense, honesty, responsibility, truth, solidarity, cooperation, tolerance, respect and peace, togetherness are considered universal values.

On the basis its nature values can be broadly classified into 2 types:

1. Terminal Values
2. Instrumental Values

Terminal Values

The end goals that we strive to achieve and are most important to us are known as terminal values. Terminal values are the overall goals that we hope to achieve in our lifetime. Terminal values include comfortable life, inner peace and harmony, social recognition, wisdom and a world of beauty.

Instrumental Values

Instrumental values are a means of achieving the terminal values. Instrumental values can be defined as specific methods of behavior. These values are not an end goal, but rather provide the means by which an end goal can be accomplished. Personality traits and characteristics, such as being imaginative and independent, make up most of the instrumental values. It include ambitious, broadminded, honest, cheerful, clean, forest, forgiving, courageous, obedient, polite etc.

Instrumental values are useful because they provide acceptable ways of behaving, which allow us to reach our terminal values. Our terminal values define the overarching goals that we hope to achieve in our lifetime; our instrumental values define how we go about reaching these goals. Our instrumental values influence the ways in which we go about achieving our end goals, making sure we do this in socially acceptable ways.

However, in order to understand them better, it is useful to classify values according to the following criteria:

Cultural values:

Individual cultures emphasize values which their members broadly share. One can often identify the values of a society by noting which people receive honor or respect. In the United States of America, for example, professional athletes at the top levels in some sports receive more honor (measured in terms of monetary payment) than university professors. Surveys show that voters in the United States would not willingly elect an atheist as president, suggesting belief in a God as a generally shared value.

(1) Individual values:

These are the values which are related with the development of human personality or individual norms of recognition and protection of the human personality such as honesty, loyalty, veracity and honour.

(2) Collective values:

Values connected with the solidarity of the community or collective norms of equality, justice, solidarity and sociableness are known as collective values.

Personal values:

These are the values endorsed by an individual and are considered as essential principles on which we build our life and guide us to relate with other people. They are usually a blend of our own individual values, family values and social-cultural values according to our experiences. For example, some people regard family as their most important values, and organize themselves in such a way that they can spend more time with their family. Other people might value success instead, and give less time to their families in order to achieve their goals.

Personal values provide an internal reference for what is good, beneficial, important, useful, beautiful, desirable, constructive, etc. Values generate behaviour and help solve common human problems for survival by comparative rankings of value, the results of which provide answers to questions of why people do what they do and in what order they choose to do them.

Over time the public expression of personal values that groups of people find important in their day-to-day lives, lay the foundations of law, custom and tradition. Recent research has thereby stressed the implicit nature of value communication.

Personal values exist in relation to cultural values, either in agreement with or divergence from prevailing norms. A culture is a social system that shares a set of common values, in which such values permit social expectations and collective understandings of the good, beautiful, constructive, etc. Without normative personal values, there would be no cultural reference against which to measure the virtue of individual values and so culture identity would disintegrate.

Family values:

These are values of a family and are considered either good or bad. These are derived from the fundamental beliefs of the parents, who use them to educate their children. They are the basic principles and guidelines of our initial behavior in society, and are conveyed through our behaviors in the family, from the simplest to the most complex.

Social-cultural values:

These are the prevailing values of our society, which change with time, and they may coincide or not with our family or personal values. They constitute a complex mix of different values, and at times they contradict one another, or create a dilemma. For example, if work isn't valued socially as a means of personal fulfillment, then the society is indirectly promoting "anti-values" like dishonesty, irresponsibility, or crime.

Another example with the dilemmas that social-cultural values may put forth is by promoting the idea that “the end justifies the means”. This could be seen with the terrorists and arbitrary rulers who justify crime, violence, intolerance, and lies by claiming that the ultimate goal of their action is peace.

Material values:

These values allow us to survive, and are related to our basic needs as human beings, such as food, shelter, clothing and protection from the environment. These are fundamental needs that drive our behavior and are created between personal, family and social-cultural values. If exaggerated, these values can contradict with spiritual values.

Spiritual values:

These refer to the importance given by us to non-material aspects of our life. They are part of our higher order needs and make us feel satisfied. They add meaning and give foundation to our life, as do religious beliefs.

Need and Importance of Values

1. Goals for Achievement : Values are goals set for achievements and they motivate, define and color all our activities cognitive, affective and conative. They are described as the socially defined desires and goals that are internalized through the process of conditioning, learning & socialization.
2. To Meet the challenges of the times : Every Country develops its own system of education to express and promote its unique Socio-Cultural identity and also to meet the challenges of the times.
3. Development of personality
4. Guide your life : they could guide your life minute by minute towards noble goals, rather than your life being controlled by self-serving motives, customs, accidental occurrences, bad habits, impulses, or emotions. You have to know where you are going before you can get there.
5. Doing Meaningful deeds : Values and morals can not only guide but inspire and motivate you, giving you energy and a zest for living and for doing something meaningful. Sensitivity to a failure to live up to your basic values may lead to unproductive guilt or to constructive self-dissatisfaction which motivates you to improve
6. Sublimation of instincts
7. Positive way of life
8. All around development
9. Broader outlook
10. Respect to others
11. To earn Livelihood

12. Adjustment to environment and its modification
13. Promotion of social efficiency
14. Creation of good citizenship
15. For interpersonal skills : (Awareness of others, Listening, cooperation)
16. For intrapersonal Skills : (Self Confidence, self concept, Motivation)

Sources of Values

1. Home
2. School
3. Religion
4. History
5. Society
6. Books
7. Philosophy
8. Science
9. Culture
10. Family
11. Friends and Peers
12. Community/Society
13. Media
14. Gene

Role of Values for Organizational Members:

Better functioning: understanding of values help organizational members to relate and function better, with better planning, coordination and controlling and achieving their goals efficiently.

More awareness: employees become more aware of their goals and direction they have to follow.

More creative and effective: they collectively become more creative and effective in meeting their challenges and fulfilling their specific and general needs.

More contented: they feel more fulfilled as individuals and appreciate more their own behaviors, feel more satisfied to be part of that community, and feel more identified and committed to the purpose of the organization.

Better performance: they perform better, fulfill their specific duties and responsibilities, and meet their professional commitments.

Facilitates integration and growth: values of an organization are the pillars of its culture which, in turn, facilitates and assures the integration and growth of its members.

Thus, it can be seen that it is very beneficial for any organization to invest time and effort in fostering a culture based on **shared values** which are expressed through the everyday behavior of its members.

Formation of values

Values are learned and acquired primarily through experiences with people and institutions. Formation of values starts from our childhood. Firstly, we learn to appreciate things that fulfill our basic needs and value especially those people that provide them to us. Their behavior towards us becomes the main reference of what is valuable. Thus, our character and personality are molded through the attitudes and behavior of the

people who raise us, whether they are our **parents** or other **relatives**. Their behaviors determine in large part of what will subsequently become our most important beliefs and principles. We learn to value the substance and the form of everything they say and do, and what they don't say and don't do. Each gesture or comment affects how we learn to make choices. We also learn to differentiate between the theory and practice of values. The latter is what marks us the most. So the consistency and coherence of our parents' behavior strengthens formation of our values. If they practice what they preach, our personality will be stronger than if they don't.

Later, when we are students, we start feeling **social pressures** and the pressure of values that are different from ours, as we relate to other people. The strength of the values formed through our parents is now put to the test.

Values are also taught and reinforced in **schools, religious organizations and social groups**. as we grow and develop, each source of influence contributes to our definition of what is important in life. **Cultural norms** have influence on formation of values.

It is difficult to form values as unlike norms, values are convictions; they are behaviours we gladly decide to follow and feel satisfied. We can follow norms against our will, but values have the support of our will. We have learned their importance due to their benefits, individually and collectively.

Those who play a leadership role in our lives are most powerful at conveying to us their values. They are our **parents, elder siblings, grandparents, some relatives, teachers, peers we admire, professors, and bosses**.

However, to convey something, we need to first possess it and then convey it through the example of our daily attitudes and behaviors. They can seldom be formed by explaining or making people realize what is considered correct or incorrect. Memorizing their theoretical meaning does not guarantee their implementation.

<https://www.iedunote.com/values>

Objectives of Business:

Objectives represent the purpose for which an organisation has been started. Objectives guide and govern the actions and behaviour of businessmen.

According to William F. Glueck, "Objectives are those ends which the organisation seeks to achieve through its existence and operations."

Features/Characteristics of Business Objectives

1. Lengthy Process
2. Specific
3. Challenging
4. Clear and easily understandable
5. Time Frame
6. Profitability
7. Flexible
8. Hierarchy of Objectives
9. Qualitative and Quantitative

Business objectives are something which a business organisation wants to achieve or accomplish over a specified period of time. These may be to earn profit for its growth and development, to provide quality goods to its customers, to protect the environment, etc.

Objective should be: SMART



Classification of Objectives of Business:

It is generally believed that a business has a single objective. That is, to make profit. But it cannot be the only objective of business. While pursuing the objective of earning profit, business units do keep the interest of their owners in view. However, any business unit cannot ignore the interests of its employees, customers, the community, as well as the interests of society as a whole.

For instance, no business can prosper in the long run unless fair wages are paid to the employees and customer satisfaction is given due importance. Again a business unit can prosper only if it enjoys the support and goodwill of people in general. Business objectives also need to be aimed at contributing to

national goals and aspirations as well as towards international well-being. Thus, the objectives of business may be classified as:



- A. Economic Objectives
- B. Social Objectives
- C. Human Objectives
- D. National Objectives
- E. Global Objectives

Now, we shall discuss all these objectives in detail.

A. Economic Objectives:

Economic objectives of business refer to the objective of earning profit and also other objectives that are necessary to be pursued to achieve the profit objective, which include, creation of customers, regular innovations and best possible use of available resources.

(i) Profit Earning:

Profit is the lifeblood of business, without which no business can survive in a competitive market. In fact profit making is the primary objective for which a business unit is brought into existence. Profits must be earned to ensure the survival of business, its growth and expansion over time.

Profits help businessmen not only to earn their living but also to expand their business activities by reinvesting a part of the profits. In order to achieve this primary objective, certain other objectives are also necessary to be pursued by business, which are as follows:

(a) Creation of customers:

A business unit cannot survive unless there are customers to buy the products and services. Again a businessman can earn profits only when he/she provides quality goods and services at a reasonable price. For this it needs to attract more customers for its existing as well as new products. This is achieved with the help of various marketing activities.

(b) Regular innovations:

Innovation means changes, which bring about improvement in products, process of production and distribution of goods. Business units, through innovation, are able to reduce cost by adopting better methods of production and also increase their sales by attracting more customers because of improved products.

Reduction in cost and increase in sales gives more profit to the businessmen. Use of power looms in place of handlooms, use of tractors in place of hand implements in farms etc. are all the results of innovation.

c) Best possible use of resources:

As we all know, to run any business we must have sufficient capital or funds. The amount of capital may be used to buy machinery, raw materials, employ men and have cash to meet day-to-day expenses. Thus, business activities require various resources like men, materials, money and machines.

The availability of these resources is usually limited. Thus, every business should try to make the best possible use of these resources. Employing efficient workers. Making full use of machines and minimizing wastage of raw materials, can achieve this objective.

B. Social Objectives:**Corporate Social Responsibility: responsiveness of business towards society**

Social objective are those objectives of business, which are desired to be achieved for the benefit of the society. Since business operates in a society by utilizing its scarce resources, the society expects something in return for its welfare. No activity of the business should be aimed at giving any kind of trouble to the society.

If business activities lead to socially harmful effects, there is bound to be public reaction against the business sooner or later. Social objectives of business include production and supply of quality goods and services, adoption of fair trade practices and contribution to the general welfare of society and provision of welfare amenities.

(i) Production and Supply of Quality Goods and Services:

Since the business utilizes the various resources of the society, the society expects to get quality goods and services from the business he objective of business should be to produce better quality goods and supply them at the right time and at a right price It is not desirable on the part of the businessman to supply adulterated or inferior goods which cause injuries to the customers.

They should charge the price according to the quality of e goods and services provided to the society. Again, the customers also expect timely supply of all their requirements. So it is important for every business to supply those goods and services on a regular basis.

(ii) Adoption of Fair Trade Practices:

In every society, activities such as hoarding, black- marketing and over-charging are considered undesirable. Besides, misleading advertisements often give a false impression about the quality of products.

Such advertisements deceive the customers and the businessmen use them for the sake of making large profits.

This is an unfair trade practice. The business unit must not create artificial scarcity of essential goods or raise prices for the sake of earning more profits. All these activities earn a bad name and sometimes make the businessmen liable for penalty and even imprisonment under the law. Therefore, the objective of business should be to adopt fair trade practices for the welfare of the consumers as well as the society.

(iii) Contribution to the General Welfare of the Society:

Business units should work for the general welfare and upliftment of the society. This is possible through running of schools and colleges better education opening of vocational training centres to train the people to earn their livelihood, establishing hospitals for medical facilities and providing recreational facilities for the general public like parks, sports complexes etc.

C. Human Objectives:

Human objectives refer to the objectives aimed at the well-being as well as fulfillment of expectations of employees as also of people who are disabled, handicapped and deprived of proper education and training. The human objectives of business may thus include economic well-being of the employees, social and psychological satisfaction of employees and development of human resources.

(i) Economic Well-being of the Employees:

In business employees must be provided with fair remuneration and incentive for performance benefits of provident fund, pension and other amenities like medical facilities, housing facilities etc. By this they feel more satisfied at work and contribute more for the business.

(ii) Social and Psychological Satisfaction of Employees:

It is the duty of business units to provide social and psychological satisfaction to their employees. This is possible by making the job interesting and challenging, putting the right person in the right job and reducing the monotony of work Opportunities for promotion and advancement in career should also be provided to the employees.

Further, grievances of employees should be given prompt attention and their suggestions should be considered seriously when decisions are made. If employees are happy and satisfied they can put their best efforts in work.

(iii) Development of Human Resources:

Employees as human beings always want to grow. Their growth requires proper training as well as development. Business can prosper if the people employed can improve their skills and develop their abilities and competencies in course of time. Thus, it is important that business should arrange training and development programmes for its employees.

(iv) Well-being of Socially and Economically Backward People:

Business units being inseparable parts of society should help backward classes and also people those are physically and mentally challenged. This can be done in many ways. For instance, vocational training programme may be arranged to improve the earning capacity of backward people in the community. While recruiting its staff, business should give preference to physically and mentally challenged persons. Business units can also help and encourage meritorious students by awarding scholarships for higher studies.

D. National Objectives:

Being an important part of the country, every business must have the objective of fulfilling national goals and aspirations. The goal of the country may be to provide employment opportunity to its citizen, earn revenue for its exchequer, become self-sufficient in production of goods and services, promote social justice, etc. Business activities should be conducted keeping these goals of the country in mind, which may be called national objectives of business.

The following are the national objectives of business.

(i) Creation of Employment:

One of the important national objectives of business is to create opportunities for gainful employment of people. This can be achieved by establishing new business units, expanding markets, widening distribution channels, etc.

(ii) Promotion of Social Justice:

As a responsible citizen, a businessman is expected to provide equal opportunities to all persons with whom he/she deals. He/ She is also expected to provide equal opportunities to all the employees to work and progress. Towards this objectives special attention must be paid to weaker and backward sections of the society.

(iii) Production According to National Priority:

Business units should produce and supply goods in accordance with the priorities laid down in the plans and policies of the government. One of the national objectives of business in our country should be to increase the production and supply of essential goods at reasonable prices.

(iv) Contribute to the Revenue of the Country:

The business owners should pay their taxes and dues honestly and regularly. This will increase the revenue of the government, which can be used for the development of the nation.

(v) Self-sufficiency and Export Promotion:

To help the country to become self-reliant, business units have the added responsibility of restricting import of goods. Besides, every business units should aim at increasing exports and adding to the foreign exchange reserves of the country.

E. Global Objectives:

Previously India had very restricted business relationship with other nations. There was a very rigid policy for import and export of goods and services. But, now-a-days due to liberal economic and export-import policy, restrictions on foreign investments have been largely abolished and duties on imported goods have been substantially reduced.

This change has brought about increase in competition in the market. Today because of globalisation the entire world has become a big market.

(i) Raise General Standard of Living:

Growth of business activities across national borders makes quality goods available at reasonable prices all over the world. The people of one country get to use similar types of goods that people in other countries are using. This improves the standard of living of people.

(ii) Reduce Disparities among Nations:

Business should help to reduce disparities among the rich and poor nations of the world by expanding its operation. By way of capital investment in developing as well as underdeveloped countries it can foster their industrial and economic growth.

(iii) Make Available Globally Competitive Goods and Services:

Business should produce goods and services which are globally competitive and have huge demand in foreign markets. This will improve the image of the exporting country and also earn more foreign exchange for the country.