CHAPTER - II

RESEARCH DESIGN

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CHAPTER-II

RESEARCH DESIGN

This chapter is divided into two sections. Section-I consisting review of literature on business ethics and its related concepts. In Section-II, the research needs, objectives, methodology etc., have been covered.

Section - I

**Review of Literature:**

The literature relating to the management of ethics within organizations and identifies, in line with other authors, a gap between theory and practice in the area. It highlights the role of management (both as an academic discipline and from a practitioner perspective) in bridging this gap and views employees, with their sense of individual ethical agency, as a key locus of ethics within organizations. The research aims to address the theory–practice gap by surveying the business ethics literature in order to identify, draw together and integrate existing theory and research, with a particular emphasis upon different forms ethics and their relationship to work values. Such an endeavor is necessary, not only because of the relative neglect of management practice by business ethics researchers, but also because of the current lack of integration in the field of business ethics itself.

Back in the mid-to-late 1990s, Shipley argued that ‘West, experiencing a turn back to ethics’ in organizations (Shipley, 1998)¹. However scandals such as that involving the US Company Enron continue to occur. It has been argued that this is because business is inherently unethical because of its emphasis upon profit-seeking (Sudhir and Murthy, 2001)². Indeed, the enterprise of business ethics is sometimes seen as a contradiction in terms – Werhane and Freeman (1999)³ describe what they call ‘the joke about business ethics’ (p.1); ‘It must be an oxymoron’, or ‘I didn’t know business had any ethics’. While such ideas have been convincingly rejected on both academic and
pragmatic grounds [Kaler, 2000], the limited impact of the ethical turn in organizations remains to be explained. The main reason for such a failure is the gap that exists between theory and practice in the field of business ethics. This gap can be addressed by the development of an integrated and theoretically coherent account of ethical decision-making and make an initial contribution towards this objective by critically reviewing the ethical decision making literature and integrating it with the literature on work values and moral reasoning.

There is a strong argument that the field of business ethics as an academic discipline has failed to recognize the complexity and disorder of real-life management practice and has adopted insufficient methods of investigation and inadequate theoretical and conceptual frameworks (Bowie, 2000⁴; Maclagan, 1995⁵). Two dominant approaches are those of moral philosophy and the psychology of moral development; however these approaches are of only limited value when it comes to attempting to apply ethical theory to real-life situations [Cornelius and Gagnon, 1999]⁶. The negative impact of such deficiencies is made worse by the relative neglect of ethics within the business school curriculum (Warren and Tweedale, 2002)⁷, giving rise to a situation where large corporations such as Enron continue to behave in unethical ways.

The following review divides the existing literature into three main areas:
1) Philosophical theories of ethics;
2) Cognitive moral development and;
3) Work values, moral reasoning and ethical decision-making.

With a view to ensure sufficient breadth of coverage, whilst at the same time maintaining a focus upon managerial aspects, the following three subsections consider each of these in respectively increasing depth of coverage. While the review describes the main theoretical ideas, it draws heavily upon the empirical literature as, in line with other researchers (Hosmer, 2000)⁸, it believes that rigorous empirical evidence provides one of the strongest validations of theory in this complex and contentious field.
i. The Philosophy of Ethics: Ethical Theory

Ethical theory is generally based upon moral philosophy and may be classified on many different dimensions, however, there are several basic ‘types’ of moral philosophy which are used in business ethics, such as egoism, utilitarianism, deontology, rights and relativism. Most of the different approaches may be considered as revolving around a focus on either the outcome of a situation (a consequentiality view) or upon the process or means to that outcome (non- consequentiality).

Two examples of consequentialist or teleological philosophies are egoism and utilitarianism, while non-consequentialist philosophies include deontological approaches such as that of Immanuel Kant. While some of Kant’s writings are rather esoteric, his theory is often associated with the moral rights and duties of an individual; each person has both the right to expect to be treated according to universal moral laws and the corresponding duty to behave according to that law. The particular moral law according to which people should behave is known as the ‘categorical imperative’ and Kant proposed several versions of this law which, he claimed, were equivalent although their similarity is sometimes rather difficult to apprehend. In its first form, the categorical imperative states that one should ‘act as if the maxim of thy action were to become by thy will a universal law of nature’ (Kant, translated 1964). As Velasquez (1988) points out, the categorical imperative may be understood in a far less cumbersome and more readily accessible way by reference to the ‘Golden Rule’: ‘Do unto others as you would have them do unto you’. As well as such general theories of ethics, many theories of ethics in particular situations or in relation to particular problems have been proposed.

The field of applied ethics is, however, too specialist and voluminous to consider in any depth here. Furthermore, the ever-widening theory–practice gap has resulted in what Bowie (1991) call a ‘crisis of legitimacy’ in business ethics. Kaler (1999) went even further in his call to dispense entirely with ethical theory. Even if one accepts the importance and achievements of ethical philosophy, the types of universal laws which are proposed as a guide to human behaviour are often difficult to apply in a practical way during the everyday life of organizational actors or, indeed, during the academic research process. Of course, depending upon one’s view of the ‘project’ of business ethics, or what it aims to achieve, it could be argued that ethical theory need not concern itself with
application to issues or problems, but could simply be about identifying what are good or bad reasons for particular courses of action. Such a view, however, fails to address the pragmatic concern for the management of organizational ethics (as well as the ecological validity of research into business ethics) because it ignores the actual acting out of ethical incidents within organizations. In any case, many authors (Bowie, 2000) have concurred with earlier suggestions (Brady and Logsdon, 1988; (Randall, 1989) that much of the business ethics literature has a misplaced emphasis upon underlying philosophical theory and those researchers should focus instead upon the more psychological aspects of business ethics, such as behavioural intentions and the beliefs that shape those intentions. The psychology of ethics: moral development As well as universal moral philosophies, business ethics has made recourse to individual psychological theories of the development of moral reasoning and, in particular, the work of Lawrence Kohlberg (1969) who devised a methodological approach which persists in the empirical studies of moral and ethical issues and which is based around the responses given by subjects to a series of moral dilemmas, such as that involving a person who stole a drug to save his dying wife because he could not afford to buy it and the inventor of the drug would not give it away because he wanted to make money from his invention. Based upon the responses to dilemmas such as these, Kohlberg developed a six-stage model of cognitive moral development (CMD) which describes an individual’s general orientation towards solving moral problems, known as their socio-moral perspective.

The theory has been operationalized and research tools that are used to measure Kohlberg’s level of socio-moral reasoning, such as the defining issues test (DIT) or the moral judgement interview (MJI), have been adapted specifically for research into business ethics (Elm and Weber, 1994). Kohlberg’s work has been criticized in relation to its application to business ethics generally (Murnburg, 2001) and to specific problems in particular, such as its claims of sequential invariance and cultural universalism (Blasi, 1980). The notion of stages has also been disputed and the theory is thought to be biased towards urban Western democratic cultures and gender-biased (Gilligan, 1982). Furthermore, studies on CMD show generally weak, if statistically significant, links to both ethical decision-making and subsequent behaviour. The theory
does, at least, provide a teleological account of how an individual may develop morally and a rudimentary understanding of moral reasoning processes.

The weaknesses of this approach, however, necessitate the drawing together of other strands in the diverse literature on organizational ethics if we are to move towards more integrated and practically useful theoretical frameworks. Work values, moral reasoning and ethical decision-making Conrad (1993)\textsuperscript{21} problematizes the organizational ethics literature by describing two dominant views. The first of these focuses upon individuals’ ethical systems and represents what he calls an ‘undersocialised’ view of ethics (i.e. one which virtually ignores the social context within which ethical behaviour occurs), while the second focuses upon organizational cultures and represents what he terms an ‘oversocialised’ conception (i.e. one which attributes ethical behavior to the social context of the organizational culture, to the neglect of individual psychological factors). From the former point of view, Conrad suggests, ethics lie in the realm of the personal value systems of individual organizational actors and are therefore the unique product of that individual’s life history. From the latter point of view, ethics are considered a component of organizational culture (sometimes referred to in the literature as the ethical or moral climate) and are a product of the socialization process which individuals undergo when being socialized into accepting those particular value-sets.

The distinction offered by Conrad is useful in helping categorize and make sense of the business ethics literature as it describes the two main streams of empirical research and theoretical schools of thought in the area. The true locus of organizational ethics occurs, inevitably, somewhere in between these two extremes. However, the lack of a coherent theoretical framework which is able to embrace the complexities of organizational reality at these multiple levels of analysis constitutes a problem for the field in terms of the ecological validity of ethical research and theorising. Unfortunately, Conrad does not offer any solution to the problem he identifies, arguing simply that either extreme is unrealistic and that we are only just beginning to examine the ways in which value-laden problems arise and are dealt with at work. Studies which do examine such problems are now, however, appearing in the literature and other authors have suggested potential solutions to this problem (Goodwin, 2000)\textsuperscript{22}. Some writers (Weber, 1996)\textsuperscript{23}
have argued that the problem is best overcome by changing the unit of analysis, through focusing upon the ethical issue’ as the primary phenomenon of interest. Organizational ethics is best understood, argues Weber, not by recourse to individual characteristics on the one hand, or organizational characteristics on the other, but rather by looking at characteristics of the situation itself. Moral reasoning, Weber concludes, is issue-dependent, not deontological (relying upon the individualistic application of abstract philosophical theories) or utilitarian (focusing upon the pragmatic organizational concern for outcomes). Another potential way of addressing the problem of deciding upon an appropriate level of analysis in the study of organizational ethics presents itself in the form of role-theory. Boatright (1988)\textsuperscript{24}, for example, has suggested that the type of analysis engendered by the consideration of the roles possessed by organizational actors helps to address the theory–practice gap by intervening between individual and organizational levels of analysis.

It presents an overview of the main models of managerial roles that are to be found in the management literature and outlines the relevance of each of them to ethical conduct in organizations, arguing that none of them presents a wholly adequate theoretical account, but that each offers particular insights into the relevance of ethics in a business context. By far the most common approach to addressing the problem of under or oversocialized models in the organizational ethics literature is, however, the adoption of an ethical decision making framework which examines the influence of both individual characteristics (such as personal value-systems) and organizational forces (such as cultural and structural characteristics) upon ethical decision-making (Beyer and Lutze, 1993\textsuperscript{25}; Ferrell and Fraedrich, 1997\textsuperscript{26}; Giacolone, Fricher and Beard, 1995\textsuperscript{27}; Schlegelmilch and Robertson\textsuperscript{28}, 1995; Weber, 1993, 1996\textsuperscript{29}). After the brief discussion on ethics it is necessary to know about the ethical codes which plays important role in the administration of the organization.

**Ethical Codes:**

Top management has the responsibility for establishing standards of behavior and for effectively communicating these standards to everybody in the organization. A classic means for fulfilling this responsibility is through the use of codes of ethics or conduct. A
phenomenon of the past two decades, these codes are in use at over 95 per cent of all major corporations today, and the central questions in their effectiveness center around the managerial policies and attitudes associated with their use (Edwards, 1994).30

Self-regulation is often cited by chief executive officers as being a more desirable option compared to government regulation. Business managers believe they have the expertise and acumen necessary to check their activities and that they can regulate themselves better than any government or ‘big-brother’-like organization. This being said, it is simple to see why codes of ethics are one of the more popular forms of self-regulation in business.

Ethical codes provide industry-wide advantages that are widely accepted by both businesses and consumers. The first advantage is that they provide guidance in ethically ambiguous situations. If employees are unsure of what course of action they should take when faced with an ethical dilemma they can always rely on their company’s guidelines for assistance. Codes can also provide a check on autocratic power. For example, if a manager is asking a subordinate to perform an activity s/he is uncomfortable doing, the employee, in theory, can rely on the ethical code as a way of checking the position-power the manager has by reminding them that their suggestion goes against company policy. Ethical codes also help an organization’s decision-makers to specify the social responsibilities of the business itself. They can enable a company to act morally when it would not have otherwise been able to due to competitive pressures. Last but not least, codes can also provide the advantages of legal protection for the company, increased company pride and loyalty, increased consumer goodwill, improved loss prevention, and improved product quality and productivity (Ethics Resource Center, 1990).31

However, ethical codes also have many disadvantages that inhibit them from achieving these advantages. The most obvious disadvantage is that, although ethical codes provide guidance and rules, they do not provide assurance that those guidelines will be adhered to or enforced. To bring about an ethical climate that all organizational members will believe in, violators of the accepted ethical norms must be disciplined. Business has, to date, demonstrated an unwillingness to discipline code violators (Carroll and Buccholtz, 2000).32. More importantly, codes are generally vague and ambiguous.
This potentially restricts them from being enforced and also defeats their primary objective.

In reality, many codes are ineffective because people fail to respect them, and because they remove personal responsibility for behaving ethically. Part of the reason for this could be due to the problems companies have in implementing ethical codes. A lot of effort goes into writing ethical guidelines, but these manuals often get forgotten on dusty shelves. This is partly attributable to the unfortunate reality that employees who are supposed to be guided by codes are seldom involved in their creation.

Companies need to focus on the implementation of ethical guidelines rather than simply on their development. An organization can exert pressure on its employees to either behave ethically or unethically. Rather than making ethical conduct the tacit knowledge of every employee, Kirk Tyson’s Eight-Step Implementation plan (Tyson, 1996) suggests overt monitoring of intelligence activities and the employees gathering that intelligence. This plan raises the real issue of whether a company’s culture or overt force is superior in delivering effective implementation of ethical codes. A strong ethical culture will emphasize correct behavior through the use of training, guidance and top management support. In the absence of a strong ethical culture, overt force may be necessary to prevent ethics problems.

ii. Ethical Theory and Empowerment:

One of the biggest trends currently in management is empowerment. But as a buzzword, empowerment has been badly defined and overemphasized. A new theory that begins where the role of empowerment failed is value-based management.

Value-based management has its roots in ethical theory and proposes to shape behavior by giving back personal responsibility to individual employees of a firm. Its basic philosophy is to reduce detailed regulation, control, and sanctioning, and to rely more strongly on the ability of the individual decision-maker to act rationally towards stated goals, policies, and values of the corporation (Jensen, 1999). It emphasizes that
by restricting behavior though formal, written, and enforced rules the exact opposite of the desired outcome is often the reality.

iii. The Employment Relation and Business Ethics

Falling neatly out of concern about the power of large, publicly traded corporations is a concern about the terms of employment they afford. The discussion of the employment relation in academic business ethics has crystallized into a debate over the relative moral merits of at-will employment terms and just cause employment terms, especially in light of the place each occupies in employment law.

Under the at-will doctrine, an employment relation may be terminated by either party (employer, employee), for any reason or no reason at all, without notice. At-will employment thus constitutes a default contract—it is the agreement that obtains between employers and employees absent an agreement to the contrary (a union contract). Over time, both statutory and case law have carved out a number of exceptions to the at-will doctrine. Thus, the at-will doctrine will not protect an employer who uses the power of termination to engage in racial discrimination, punish an employee for refusing to violate the law, and so forth. Absent circumstances covered by the exceptions, however, the at-will doctrine remains the basic rule governing employment relations in most of the U.S.

Most of the discussion of the employment relation in academic business ethics concerns the fairness of the at-will doctrine and whether other terms of employment ought to be substituted for it through public policy initiatives. Indeed, the debate makes little sense outside the public policy context. On broadly Kantian grounds, Werhane (1985) argues that arbitrary dismissal is incompatible with respecting employees as persons. Respecting employees as persons demands that they be supplied with good reasons when adverse action is taken against them. Thus, at-will employment (or at least, dismissal without cause undertaken in accordance with the at-will doctrine) is incompatible with recognizing and respecting the employee's personhood.

Werhane's argument may depend on an equivocation between giving employees reasons and giving employees reasons on the merits. That is, even if one accepts that, morally, employees as persons are owed reasons, it doesn't follow that the reasons they
are owed are reasons that go to, e.g., their job performance, the firm's economic prospects, etc. The at-will doctrine supplies a reason. It says that the terms of our arrangement are such that any of us has the option to terminate it at our discretion. That, coupled with exercise of one's discretion, is sufficient reason to terminate the arrangement. Many decisions affecting persons are settled on the basis of reasons that do not refer to the merits of the case. At law, for example, a plaintiff's case may be dismissed because the statute of limitations has run, because it was filed in the wrong jurisdiction, because the court is not competent to hear the case, etc. None of these are reasons on the merits, but it would be strange to conclude that these dispositions of their claims fail to respect plaintiffs' personhood.

Arguments advanced in defense of the at-will doctrine lean heavily on consequentialist considerations. (But see, Maitland 1989, \textsuperscript{36} for an argument that defends the at-will doctrine on rights grounds.) Proponents attribute the vibrant labor market of the United States and the stagnant labor markets of Europe to the prevalence of the at-will doctrine in the United States and the prevalence of mandatory just cause employment rules in Europe. Mandatory just cause rules are a significant disincentive to job creation and to the pursuit of labor-intensive entrepreneurial ventures because they impose heavy record-keeping and infrastructure requirements on firms. Richard Epstein (1984)\textsuperscript{37} put the point succinctly: “Harder to fire mean harder to hire.” Similarly, David Schmidtz (1998)\textsuperscript{38} observes that young black males in the United States enjoy greater employment prospects than do young white males in France in the course of arguing for freer markets in labor—markets that include a default at-will employment contract. The point is that employees can be protected from the ill-effects of arbitrary dismissal in two ways. One way, favored by just cause advocates, is legally. The other way is through the promotion of a vibrant labor market in which jobs are frequently created and readily available. The at-will doctrine lubricates vibrant labor markets by reducing the costs and the stakes of disputes over dismissal. Mandatory just cause rules do the opposite.

The consequentialist case for the at-will doctrine depends critically on the vicissitudes of the labor market and what one considers its normal or usual state to be. When the labor market is strong, as in the middle 1980s or late 1990s U.S., that case is compelling. When it is weak, as in the late 1970s or early 1980s U.S., then it is less so.
Some of the more interesting and sophisticated contributions to the debate by just cause proponents come from outside the business ethics literature. In the legal literature, the trend among just cause proponents is toward acknowledging the appeal of a default rule regime like that in which at-will employment is the default, but arguing that the default ought instead to be just cause. Cass Sunstein (2002), for example, argues that the best world is one in which we capture the benefits of a default rule regime, including permitting those best served by at-will employment to enter into at-will arrangements, but in which the default rule is just cause. He favors the just cause default rule on the grounds that behavioral economics research shows that people are influenced heavily by default rules and default choices. In addition, people tend to regard benefits they already possess as more important than those they can bargain for (i.e., they exhibit what social psychologists call the *endowment effect*). Consequently, Sunstein believes that just cause default rules will yield more employees covered by just cause, which outcome he holds to be an improvement, but at the same time will permit employers and employees genuinely and mutually better served by at-will rules to contract for them instead.

David Millon (1998) favors a just cause default rule, by contrast, on the grounds that it will permit employees to hold out for higher wages in return for becoming at-will employees. He acknowledges that just cause employment rules are costly, but believes that avoidance of those costs, in favor of more efficient at-will employment relations, will motivate employers to be more generous in their wage offers. In sum, Millon sees changing the default rule from at-will to just cause as a *redistributive* strategy, not as a means of getting more employees covered by just cause employment rules.

The debate over at-will employment is a debate not about what employers and employees ought or ought not to do, but instead about the merits of taking the terms of employment continuation out of the realm of contract and into the realm of public policy. In that sense, it is more like the debate over the minimum wage. The at-will doctrine neither commends nor incentivizes a managerial practice. Instead, it apportions the legal risk of arbitrary firing in a way different than just cause rules do. Which apportionment is better may tell us much about the public policies we ought to have, but it doesn't tell us how we ought to conduct business. David Schmidt’s (1993) study of attitudes in work
and perceptions on ethical practice. According to him the following individual and situational moderators were observed and presented in the following lines.

**Individual Moderators**
- Cognitions
- Ego strength
- Field dependence
- Locus of control
- Stage of cognitive moral development

**Situational Moderators**
- Immediate job context
- Reinforcement
- Other pressures
- Ethical dilemma
- Ethical/unethical behavior
- Organizational culture
- Normative structure
- Referent others
- Obedience to authority
- Responsibility for consequences

Allen and Davis (1993) demonstrated a positive relationship between individual values and professional ethics, but not between professional ethics and actual behaviour, however the study does not allow any inferences about the direction of the personal–professional value association to be drawn. Found no relationship between the personal value systems of individuals, defined as their ethical orientation, and their decisions as to whether a number of marketing scenarios were perceived as being unethical or not, however other researchers have presented results which suggest that an individual’s personal values constitute one of the key resources upon which they draw during decision-making in a business context. Still other researchers have focused upon the
mediating role of other personality in the decision-making process. It is found that interpersonal competitiveness, locus of control and religious beliefs exert an important influence on an individual’s level of ethicality with respect to their responses to vignettes concerned with insider dealing, while Sparks and Hunt (1998)\textsuperscript{43} examined the influence of ethical sensitivity.

\textbf{iv. Organizational Applications of Ethics:}

The discussion of ethics focused on the individual decision-maker. They are operating as agents for a principal, or an employing organization.

A number of organizational factors can impact an individual’s behavior. The behavior of one’s superiors and peers, and industry ethical practices, have been demonstrated to be the most important influences on a firm’s ethical climate, whereas society’s moral climate and personal needs were shown to be less important (Carroll and Buccholtz, 2000)\textsuperscript{44}. The results of recent studies have further demonstrated that businesspersons have been feeling increased pressures to perform, placing them under increasing stress to perform ethically. Additional behaviors of one’s peers or superiors that create questionable ethical atmospheres include a moral decision making, unethical practices, acceptance of legality as the standard of behavior, ‘bottom line’ mentality and expectations of loyalty and conformity, absence of ethical leadership, reward systems that overemphasize profits or sales, insensitivity toward how subordinates perceive pressure to meet goals, and inadequate formal policies (Carroll and Buccholtz, 2000)\textsuperscript{44}.

There are many common mechanisms that organizations utilize in order to improve their ethical climate. Among the most common of the methods for institutionalizing ethics would include ethics audit, ethics training, whistle-blowing mechanisms, disciplining violators, codes of conduct or ethics, ethical decision-making processes, establishing realistic objectives, establishing ethics programs and ethics officer roles, and effective communication (Carroll and Buccholtz, 2000)\textsuperscript{44}.

Bowie (2001)\textsuperscript{45} has argued that academics risk becoming redundant unless they seek out and form closer alliances with practitioners in the area and such an enterprise is
therefore essential if management academics are to retain a role in the management of ethics within organizations and help close the theory–practice gap.

Business ethics is a value system with the capability to provide an organization with the guideline within which the management can operate (Fernando, 2009). Ethics are performed through practices such as performing routine work and are not mere objects (Carter, 2007). Ethical practices in business world are important for all the organizations conducting business. It is a vital component of an effective business strategy. A strong stress on ensuring ethical practices in business organization results in positive inference for the firm, some of which may be summed up as below.

- While adopting ethical practices an organization ensures that it takes steps which are presumed correct by their customers, stakeholders, community as well as the society. Consequently, the strategic decision making within organization improves and positive images for the firm gets create develop.
- Nowadays more emphasis is being laid on developing the quality of core management in an organization. This is because it is their responsibility to manage, foresee, adapt, make decision, empower and cope with the changes in the environment. Also, top management executives face the dilemma of doing what is ethically right or what is required to achieve the desired objectives. However, the organizations that implement ethical practices experience effectiveness in their strategic leadership.
- It has been found out by many successful top management executives that exercising ethical practices in their business strategy enhances the clarity of the purpose and results in efficient business process (Ashoor and Mubarak, 2009). That is why for long term survival; inclusion of ethical practices in decision making is a mandate that is being followed by all the successful business leaders across the globe unanimously.
- Implementation of ethical practices not only portrays the image of an organization as an entity that makes decisions with good intentions, but it also provides numerous benefits for the organization’s internal environment. With
positive reputation employees will believe in their CEOs’ good decisions and have faith in their organization, which will lead to employee loyalty.

- Further, loyal customer base will also be developed for the firm as customers will trust the organization and the products. This would further provide the organization with an edge over the competitors. Thus, observing ethical practices in a business organization has myriad advantages which are likely to be seen in reputed market position, sustaining success, satisfied and loyal customers, high performing workforce and also increased revenues and profits.

Although theoretical bases for the study of business ethics have been offered in the form of both moral philosophies and the psychology of moral development, these approaches are only of limited value when it comes to attempting to apply ethical theory to real-life situations. Has suggested that business ethics researchers need to recognize the complexity and disorder of real-life management practice and adopt methods of investigation and theoretical and conceptual frameworks that allow for this, rather than attempting to borrow from the abstract concepts of philosophical ethics theory.
Section - II

v. Need for the study:

Business Ethics are a subject of critical concern because, “it is easy to handle machine but it is very difficult to handle human beings”. It is so because the mindset or perception of all human beings and their ethics is not similar and they differ from one person to other. A strong ethical culture will emphasize correct behavior through the use of training, guidance and top management support. In the absence of a strong ethical culture, overt force may be necessary to prevent ethics problems. In this regard Head of the Department plays an important role in bringing all of them under one roof and utilizing them for achieving a common goal. Hence one can say that of all the tasks of management, “Managing the humans ethically is the central and most important task, because all else depends upon how well it is done”.

Visakhapatnam Steel Plant is a gigantic undertaking constructed with a highest investment in the public sector undertaking having about 17,500 regular permanent employees working in Works and Non-works Departments. The more concentration is on the development of its Human Resources ethically, the greater will be the benefit to the organization in the form of higher productivity, high morale of employees and harmonious relations.

With an intent to know the facts, which ethical factor is contributed to the success of Visakhapatnam Steel Plant, is maintaining Profitable Position, Harmonious Ethical environment and winning Best Management Award (from Government of Andhra Pradesh and India) inspired the researcher to take up the study of Ethical Scenario in Visakhapatnam Steel Plant.

vi. Objectives of the Study:

The study is carried out with the following objectives:

Primary Objectives:

- To present the profile of steel industry and Visakhapatnam Steel Plant, with an emphasis on its good practices.
To study the impact of various existing practices on ethical issues in Visakhapatnam Steel Plant.

To analyze the perception of employees, both executives and non-executives on the existing ethical practices in Visakhapatnam Steel Plant.

To analyze the arguments and positions of key decision makers and stakeholders, as well as the contextual factors that influenced the actions and outcomes, to arrive at their own assessment of the moral implications of a situation in the organisation.

To offer suggestions for the promotion of better Ethical Practices in the organization as a measure to enhance overall productivity and development of the organization.

To have an improved understanding of the evolution of ethical issues, comprehending the role of contextual factors in interpretations and judgments about acceptable means and ends, and refined moral reasoning as well as business practices in the organization.

To present the ethical rules and principles in Visakhapatnam Steel Plant.

To analyze how the ethical rules and principles are applied in the organization.

To what extent the Managers understand the ethical rules in running the organization in ethical lines

To identify the areas which are not practicing ethical principles, even after having ethical code in the organization.

To make business decisions and strategy which are morally just, fair and consistent in the organization.

To introduce time-tested ethical ideas and practices combined with the values in VSP among its employees.
Secondary Objectives:

- To establish what responsibility the organization has to each stakeholder groups in ethical perspective.

- Identify the ethical conflicts in Visakhapatnam Steel Plant

- To identify how the organization can best respond strategically to the opportunities and threats inherent in stakeholder claims, especially during the ethical conflict situations that are likely to require creative compromises.

- To integrate the social objectives into business goals in the organization, viz. Corporate Social Responsibility etc.,

- To offer suggestions on the aspect of educating the employees on ethical issues in the organization.

vii. Scope of the Study:

1. The scope of the study is limited to the Visakhapatnam Steel Plant and it is only confined to area of Ethical procedure and practices adopted in the organization.

2. The study is based on the opinions and perceptions of executives, non-executives of Visakhapatnam Steel Plant.

3. The study covers both executives and non-executives of all Departments in Visakhapatnam Steel Plant, i.e. Personnel, Finance, Marketing, General Administration, etc, the production units like Coke Ovens, Sinter Plant, Blast Furnaces, Thermal Power Plant, Steel Melting Shops (SMS), Continuous Casting Department (CCD), Light and Medium Merchant Mill (LMMM), Wire Rod Mill (WRM), Maintenance Department etc. are specifically included in the study.

viii. Methodology and Sampling:

- Methodology:

  Application of appropriate methods and adoption of scientific procedure is a sin quo non of systematic inquiry. This has an important bearing on the
collection of reliable and accurate information as well as on the outcome of the study. The study uses a combination of historical, case study and survey methods. The historical method traced the genesis of Ethical policies and practices. The case study method was adopted to make in-depth analysis of Ethical Practices at VSP. Survey method is a method of exploring and analyzing the life of social unit, be that a person, a family, an institution, a cultural group or even an entire community. In the present enquiry, VSP is taken as the unit of study.

Sampling:

A sample of 500 employees has been taken at stratified random sampling covering two categories viz. Executives and Non-Executives. This constitutes 2.85 per cent of employees in each of the categories mentioned above. The sample covers all the Departments in the organization.

A cross section of 263 Executive employees (which forms about 54 percent of the respondents) and 237 Non-executive employees (46 percent of the respondents) have been taken to elicit their opinions. The details of sample size are presented in Table 2.1.

Table 2.1: Showing the Sample Size of Employee and the Total Manpower

<table>
<thead>
<tr>
<th></th>
<th>Works</th>
<th>Projects</th>
<th>Mines</th>
<th>Others</th>
<th>Total</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>3241</td>
<td>327</td>
<td>104</td>
<td>1591</td>
<td>5263</td>
<td>263</td>
</tr>
<tr>
<td>Non-executives</td>
<td>11164</td>
<td>58</td>
<td>262</td>
<td>1083</td>
<td>12567</td>
<td>237</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>14505</td>
<td>385</td>
<td>366</td>
<td>2674</td>
<td>17830</td>
<td>500</td>
</tr>
</tbody>
</table>

Note: Figures in parenthesis indicate sample selected in each category.
Data Collection:

Data has been collected from both primary and secondary sources, during June 2010 to March 2012. An administered questionnaire was circulated to the selected Executives, Ministerial staff (office) and workmen in order to collect first hand information. This has been followed by personal interviews of informal nature.

Data was collected through the techniques of schedule, interview and observation. One comprehensive schedule meant for employees was designed and the same was administered after pretesting in a pilot study. Interviews with the sample respondents took place at the times convenient to them. Convenient timings for the interviews have been fixed in advance mostly during early hours of the shift or during lunch break and at times in the houses of respondents. Personal interviews were conducted with all the respondents. The interviews were often prolonged & spread over multiple sessions. Because of personal visit to the organization, the technique of non-participants observation was also used which enabled to get more insight into the phenomena, in the research study.

Secondary sources of data were also used and they include record files, brochures and other published and unpublished material of the organization as well as outside agencies.

The enquiry is essentially in the nature of a qualitative study. The study was compiled with advanced quantitative methods, a few statistical techniques like averages, percentages, chi-square, tables etc., have been used wherever necessary to make the data more precision and systematization.

Presentation of the Study:

The study was presented in six chapters as mentioned below.

- The First Chapter deals with introduction of Ethical Concepts in the Business.

- The Second Chapter is devoted for a discussion on the nature of the enquiry and the methodology.
A profile of Visakhapatnam Steel Plant and socio-economic profile of the respondent employees have been presented in the Third Chapter.

The Fourth Chapter deals with theoretical background of managing the Ethics at organization level and its application, procedure and practices.

The Fifth Chapter analyses the employees perception on Ethical Procedure and Practices at RINL, Visakhapatnam.

The Sixth Chapter comprises of the study summary, conclusions and suggestions for the betterment of Ethical Practices in the organization.

x. Limitations:

The data opinions, observations and conclusions expressed here are collected by survey and literature provided by Visakhapatnam Steel Plant. Following are the few constraints faced during the study.

1. One of the limiting factors for a thorough and complete study of the subject has been the limited time frame of study.

2. Elaborate study was not possible due to limited availability of data on the nature of the study. The survey was conducted on the sample based upon stratified random selection has its own inherent limitations.

3. The Executives were involved in multifarious activities and the limited time spared for interview has become a constraint. However, care was taken to record quality of the discussion based on the questionnaire administered.

4. The size of the sample representing the universe is very small, but the stratification of the sample reflects characteristics of the universe.

5. Information furnished in the study belongs to one specific PSU in Steel Industry. However, this study results may be generalized for similar study in other industries.
References:


