

Any deviation from this policy will not only results in a failure to serve the interests of the organization, but will also be an insult to human dignity. Fair play in wages, training and career advancement on one hand and an employee's efficiency and performance on the other are linked interdependently.

As a rule, it would be wise not to interfere with the personal lives of the employees, their political leanings, personal privacy and liberty to change job. A recent study in the United States, according to author Fred Luthans, confirmed that persons having "less attractive" external appearance are often subjected to discriminatory treatments and harassments. And this pattern of behaviour is condemned as unethical. While both an employee and an employer have their respective rights to terminate a service contract, it is desirable that each side act in a humane manner keeping in mind the expectations and economic necessities of the other. True, at times an employer may be compelled to dismiss a worker for such just causes as may be necessary to protect the firm's integrity or that of other workers. An employee incorrigibly dishonest, idle, negligent in duty or chronically absent from work not only harms the organization but other workers too. Termination of service may become unavoidable owing to other justifiable reasons like old age, prolonged illness, or reduction in workforce due to mechanization or recession in business activity. An employer is expected to act on the basis of his/her first-hand experience and good judgment, rather than rumour or personal prejudice against anyone. Where dismissal cannot be avoided, the employer is strictly under moral and legal obligations to make certain that all legitimate dues that the dismissed employee is entitled to are paid up immediately.

However, the manner in which the employees are treated will have a forceful effect on how they perform their task. Put simply, ethical or unethical behaviour of an employer will have a direct bearing on the satisfactory or unsatisfactory performance of the employees concerned.

**Customers.** Customers are essentially a part of the important factors that actively contribute to the success and survival of a business. Manufacturers are required to pay careful attention to issues concerning health, safety and rights of customers. These are as vital in ethics as they are in business.

It is considered unethical if a seller wants to gain advantage by means of deception, or by arousing passion in customers or exploiting ignorance of common people. Out of the unfair trade practices that customers generally complain about, the common ones are: false and misleading advertisements; poor and defective product qualities; harmful side-effects; exorbitant prices; deficient after-sales services. Deception usually occurs due to fraud, lying, or deliberate negligence on the part of the manufacturers. Ethics apart, even law demands that manufacturers must explicitly warn buyers and consumers of latent side-effects, if any, of their products. Rights of customers also imply that they must be warned of any apparent risk and also be informed about how to act on it. Overall, entrepreneurs are advised

to be good to their customers and ensure that their products or services meet the approved quality standards and expectations of the customers.

In recent times, the move initiated for the protection and promotion of consumer interests and rights has been given legal validity and is being actively encouraged by the government. The Consumer Protection Act, 1986, which came into force on April 15, 1987, applies to all goods and services and extends to the whole of India, except Jammu and Kashmir. Under this Act, quasi judicial bodies have been set up and empowered to provide simple and speedy redressal of consumer disputes and also to award appropriate compensations to aggrieved consumers. Consumers, now more conscious of their rights, as sanctioned by law, tend to exercise their power and bring guilty business houses to justice against the latter's bad business practices.

**Dealers.** In a way, a manufacturer's connection with its dealers is far more closer and crucial than that with his customers. Dealers constitute widespread distribution network and at a marketplace they serve to represent manufacturers. They get customer's opinions, favourable or adverse, about product qualities or prices and convey such findings to the manufacturers concerned. It is mostly on the basis of the observations made by their dealers that the business houses, from time to time, draw up their marketing strategies. As a matter of fact, dealers act as a vital link between producers and customers.

Manufacturers may use a variety of tactics to gain more control or influence over their dealers. Such tactics may be legally valid, but many of those may prove to be ethically wrong if used to impose new terms and conditions aimed at gaining more advantages, financial or otherwise. Dealers too, under such circumstances, may retaliate by resorting to non-cooperation or improper practices. In such an eventuality, the shrewd producer will stand to lose as the dealers will shift to some others for more gainful business deals. In essence, a long-enduring relationship based on mutual advantages between producers of goods and their dealers is of specific significance from the standpoint of both business and ethics.

**Suppliers.** The fact that honouring and clearing in time the bills payable to creditors and suppliers exemplify observance of legal and moral obligations need not be overemphasized. This issue is of paramount importance in order to maintain a trustworthy relationship with suppliers and thereby ensure uninterrupted and prompt supply of quality raw materials and other requisites essential for the smooth running of a business.

**Investors.** The basic purpose of business is to manage available resources with due care so that adequate profit as well as consistently fair return on investment can be assured. Entrepreneurs must be morally obliged to make certain that investors get their rightful shares of the profit regularly. In this regard, necessary steps, if implemented effectively, will go a long way in encouraging investors to readily provide more funds as and when

necessary. Besides, investors have the right to the actual and complete information about the financial position of the firm where they invest. Therefore, entrepreneurs are accountable to provide investors with complete and true to the facts annual reports of their companies. In short, faithful intention about distribution of earnings and truthful reporting of facts and figures have strong ethical implications.

**Advertisements.** Often advertisements making false or exaggerated claims are issued so as to arouse a desire to buy or patronize certain products or services. Obviously, such ingenious acts intended to befool people are regarded as unscrupulous exploitation of customers. Consequently, general public are now being encouraged to send their complaints relating to such deceptive practices direct to the Advertising Standards Council of India in Mumbai. In the cut-throat competition, business houses, at times, also engage themselves in inter-corporate advertisement wars. They resort to extravagant publicity campaigns intended to defame similar products of competitors or compare their products with those of their opponents. In connection with such unfair practices, every year the Advertising Standards Council of India (AISC) receives several hundred complaints from business houses as also from consumers. Keeping in view the serious implications of misleading publicity and also the fact that more often the claims made in such advertisements cannot be substantiated, the offending advertisers are directed to withdraw questionable advertisement campaigns. Although the AISC normally does not take any legal action, it does have the power to stop deceitful and/or derogatory advertisements. Businesspersons, therefore, should refrain from indulging in false and deceptive advertisements.

**Environment.** Environmental problems have always existed, more or less, in every nation. Global environment-related issues such as the need to preserve the ozone layer, provide safeguard for public health, conserve natural resources and tropical forests, and so on have now become causes for major concern worldwide. Pollution of the environment and destruction of natural resources are among the most significant challenges that mankind faces today. In dealing with these challenges, some of the specific complex issues that continue to engage serious attention these days are: pollution of water, soil, air and sound; harmful effects of toxic substances, fertilizers and pesticides; unhygienic disposal of garbage and industrial waste; destruction and degradation of natural habitat for wildlife.

The relationship between industrial activity and protection of the environment has become one of the central preoccupations of the government and the industry in every nation. Thus, the environment protection measures focus on both 'product' as well as 'process and production method' related standards. This is why steps have been taken to ascertain, prevent, limit and minimize or correct environmental damage to water, air and soil, and also to deal with problems relating to waste, noise and ecosystems. The *protection measures* refer to various legal and economic actions, including technical rules and regulations, levies and taxes, and other commercial provisions.

The main types of technical rules and regulations apply to: (i) restriction on physical or chemical characteristics of a product (for example, to regulate the content or component of certain materials up to a permissible limit); (ii) restriction on emission of substances (for example, control of emissions from motor vehicles to prevent air pollution); (iii) curb on production and import of certain products (for example, detergents or products having destructive or harmful chemicals that cause water pollution); (iv) restriction on the use of certain packing materials for transportation and/or storage (for instance, non-biodegradable polyethylene and similar materials that cause waste management problems); and (v) provision for explicit marking on products or packaging labels so as to inform buyers and consumers of the environmental conditions pertaining to some specific products (namely, use of toxic substances or powder asbestos etc). These measures are aimed at regulating not only the production processes and methods but also the manufacture of certain products having harmful contents or components or emitting pollutants. Levies and taxes have been suggested as economic instruments to regulate production processes or methods that might harm the environment. Commercial measures such as introduction of licensing and quota system or imposition of import duties have been recommended to prohibit import of certain products that will cause or add to environmental problems.

However, entrepreneurs should have access to relevant information and also possess adequate knowledge of the statutory rules and regulations in dealing with the environmental issues. They are legally and morally accountable to ensure compliance with local, regional, national and international (applicable to exports) environmental rules and regulations for cleaner environment.

**Government.** Economic growth and industrial development are so related that one is directly complementary to the other. For the economic upliftment of a nation, simultaneous progress of its industry, trade and commerce is crucial. In this direction, the government plays a vital role in ensuring that the required business conditions essential for conducive productive and marketing activities are made available to the industry. In return, entrepreneurs are obliged to join hands with the government and extend all possible cooperation. They are expected to create more job opportunities, maintain harmonious relationship with workers, supply or provide quality goods or services, utilize national resources judiciously and, equally important, make timely payment of all taxes and levies for smooth functioning of the government. These are certainly significant from the standpoint of observing business ethics as also pursuing business with integrity.

**Society.** Philanthropy, i.e. an act of helping the needy and promoting human welfare, is always considered as one of the adorable qualities of an individual in becoming a dependable member of a community. Similarly, when a business house acts for the welfare of the society, it is called organizational or corporate philanthropy. Social vision with welfare motive

is important in business mission, because an organization cannot work in isolation from general public. Social welfare measures undertaken by a firm strengthen its presence as a responsible and dependable organizational citizen. Philanthropic activity not only improves the public image of a firm but also helps a great deal in adding to its marketing campaign. Through this activity, the name as well as the product-features of a business house may reach millions of people and thus the gap between a producer and his potential customers can be bridged. Service to society should be viewed not merely as an ethical conduct but also as an invaluable tool for sales promotion.

A businessperson may undertake service to society in many ways, like by sponsoring sports or cultural events, providing suitable employment to physically handicapped persons, providing medical and health care facilities to the rural poor, organizing or financing poverty alleviation programmes, providing material or financial support to charitable institutions, financing or facilitating adult literacy and vocational training programmes, and organizing or financing rural development schemes.

## QUESTIONS

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1. Define entrepreneurship.
2. Is entrepreneurship a process? Explain.
3. Discuss the important features of entrepreneurship.
4. What is the role of entrepreneurship in society?
5. Who is the entrepreneur?
6. Discuss the common characteristics of successful entrepreneurs.
7. What are the prominent qualities of successful entrepreneurs?
8. State briefly the functions of successful entrepreneurs.
9. What are the major entrepreneurial functions?
10. Write a short note on the role of the entrepreneur in society.
11. What is creativity?
12. Compare and contrast invention and innovation.
13. Distinguish between inventor and innovator.
14. Discuss interrelationship among creativity, invention and innovation.
15. What is brainstorming?
16. Discuss the importance of innovation in entrepreneurship.
17. Describe the growth and evolution of entrepreneurship in the Indian context.
18. Discuss briefly the evolution of entrepreneurship with special reference to India.
19. Examine the problems in launching a new enterprise.
20. What is ethics? Discuss its importance in entrepreneurship.
21. What is entrepreneurial ethics?
22. Discuss the relationship between personal ethics and entrepreneurship.

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