

Business Ethics in MNC: A Case Study in Wipro

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Abstract:

Business ethics is a set of rules that define right and wrong conduct. Business ethics can be considered as written and unwritten codes of principles and values that govern decisions and activities within a company. In the business world, the organization's culture sets standards for determining the main difference between right and wrong decision making and behavior. A multinational corporation (MNC) has services other assets in at least one country other than its home country. Such companies possess offices and/or factories in numerous countries and normally have a centralized head office where they coordinate world-wide supervision. Very large multinationals have budgets that larger than those of many small nations. In this paper we discuss about the business ethics in wipro.

Key words:

Business ethics, organizational culture, MNC.

Preface:

A multinational corporation (MNC) has services other assets in at least one country other than its host country. Such companies possess offices and/or factories in numerous countries and normally have a centralized head office where they coordinate world-wide supervision. Very large multinationals have budgets that larger than those of many small nations. Wipro Limited is an Indian multinational provider of Information technology (IT) services, Founded consulting and outsourcing services. in Amalner, Maharashtra (December 1945) by Mohamed Hasham Premji. Ethics is a set of globally accepted moral principles Business Ethics and values that impact over the behavior of a person or group in terms

Business ethics can be defined in of what is appropriate and wrong. simple words as, "doing right thing for your business stakeholders".(shareholders, employees, customers, associates etc.) Ethics is differ from law.

Review of Literature:

Gellerman, Saul(1986),in the article 'Why Good Managers make Bad Ethical Choices' dwells on the key question "How can usually honest, intelligent, compassionate human beings act in ways that are callous, duplicitous, dishonest, and wrongheaded?" The author discusses many cases and concludes that unethical behavior is prevalent, and leaders' decisions can ruin people's lives, destroy institutions, and give business as a whole a bad name. Gellerman has identified four rationalizations that lead to bad decisions.

The author states that managers believe that: !The action is not really unethical or immoral ("everyone does it"); !The action is in the best interests of the company (growth, profits, maximizing shareholder value); !The action is unlikely to be detected (possibly the worst assumption); and ! Because the action helps the company, the organization will condone and even defend such action. Maxwell, John C. (2003),in the book 'There's No Such Thing as "Business" Ethics: There's Only One Rule for Making Decisions' develops a primary thesis that there is no such thing as business ethics -there's only ethics . The author argues that it is important to understand that "ethics is never a business issue or a social issue or a political issue. It is a personal issue." Therefore, the author suggests that in business decisions, just as in our personal life, there is only one rule for making decisions: the Golden Rule.

And since the Golden Rule begins with each person, each person needs to ask themselves the question "How would I like to be treated in this situation?" According to him, while more people want to be ethical, they do not know how to make the transition. The author contends that when faced with an ethical dilemma (an undesirable or unpleasant choice relating to a moral principle or practice), people make unethical choices for one of three reasons:

They do what's most convenient: giving themselves permission to cut corners.

They do what they must to win: many people think they must choose between being ethical and winning.

They rationalize their choices with relativism: deciding what is "right" at the moment, according to their circumstances

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Hence, the golden rule can help decision-making and can serve as an integrity guideline for decision making in any situation. Maxwell also argues that each individual's answer to the golden rule is based on things all human beings have in common. Each human being:

Wants to be valued.

Wants to be appreciated.

Wants to be trusted.

Wants to be respected.

Wants to be understood.

Does not want others to take advantage.

The author recommends that it is important to adopt the Golden Rule as the basis for decision-making because:

It is accepted by most people and can be used to create common ground with any reasonable person.

It is easy to understand.

It is a win-win philosophy.

It is a compass when you need direction. McNamara

, Carter (n.d.) in the 'Complete Guide to Ethics Management: An Ethics Toolkit for Managers', states that business ethics covers two broad areas:

Managerial mischief: includes "illegal, unethical, or questionable practices of individual managers or organizations, as well as the causes and remedies to eradicate them." Business ethics is a matter of dealing with dilemmas that have no clear indication of what is right or wrong. Moral mazes: The other broad area of business ethics is "moral mazes of management" and includes the numerous ethical problems that managers must deal with on a daily basis, such as potential conflicts of interest, wrongful use of resources, mismanagement of contracts and agreements, to name a few.

Seshadri D.V.R., Raghavan, A., and Hegde, S., (2007), in their work 'Business Ethics: The Next Frontier for Globalizing Indian Companies' argue that in view of the increasingly stringent legal and regulatory frameworks adopted by the western world especially the USA, Indian companies with global aspirations must create an ethically sound working environment within the organization and model ethical leadership at all levels. Research suggests that it makes good long-term business sense to be ethical.

For a company's ethics policy to be successfully implemented, it is essential that:

The code of ethics is clearly communicated to employees.

Employees are formally trained in it.

They are told how to deal with ethical challenges.

The code is implemented strongly.

The code is contemporary.

The company leadership adheres to the highest ethical standards. Going beyond the disciplinary legal-compliance approach and combining it with a value-based approach is what is required to implement a strong ethics programme in organizations. A value-based ethics programme is much more holistic in that it enables self-governance and responsible conduct by all employees of the organization, thereby bringing to life the organization's guiding values. Moreover, a value-based ethics initiative accentuates the personal commitment and credibility of leaders at all levels, putting them under intense spotlight and scrutiny by other employees of the organization. The responsible actions of leaders, their willingness to act on the values they espouse, and their continual demonstration of integrity, honesty, transparency, and consistency are keys to channel organizational in the ethical direction. When the company's leadership falters on ethical values, employees are likely to become sceptical and cynical about the relevance of ethics in their day-to-day functioning, resulting in the eventual abandonment of the ethics programme.

Saeed, John, (2008), in a paper titled 'Ethical paradigm shift for enterprises operating within global economy in the 3rd millennium' postulates that in an increasingly globalized world, if modern businesses have to be sustainable, they need to be conducted in a socially and ethically responsible manner internationally. Global entrepreneurs and international organizations of today not only have an obligation to abide by sound ethical considerations, but also to preserve the ecological well-being of the planet, respect the host culture and discharge their social responsibility consistent with a socio-economic view. In this research article, an examination is made of ethical practices and propensities across nations that have considerable implications for modern organizations. Finally, the author proposes a new global ethical paradigm. The author suggests that there is a need for a comprehensive, cohesive, and universal code of conduct and a common ground of precepts upon which to base decisions, for entrepreneurs and organizations

doing business internationally. Webley, Simon and Werner, Andrea (2008), in their paper "Corporate codes of ethics: Necessary but not sufficient" state that there is a gap between the stated intention by companies to conduct their business in line with an ethics policy and their ability to ensure that this is happening as evident from the well publicized cases of ethical violations. The paper suggests that two basic reasons appear to be at the heart of the problem: ineffective ethics programmes and deficiencies in corporate culture. The authors propose that in order to encourage high levels of ethical behavior, companies need to develop and conduct formal ethics programmes and ensure that they nurture an ethical culture on a continuing basis. The authors propose a plan for creating such a culture that includes:

Agreement on explicit core values

1. A relevant and 'user friendly' code of ethics
2. Continuous training and 'awareness raising' programmes
3. Means for employees to raise issues without fear of retaliation
4. Employee engagement (consultation and feedback)
5. Consistent communication and exemplary from both top and other levels of management
6. Regular surveys of stakeholder opinions Board level oversight and reporting

The authors suggest that unless there is explicit and sustained leadership from the chairman and the board, the apparent gap between policy and practice in many organizations is unlikely to be bridged. The paper concludes that successfully embedded corporate ethical values requires well-designed ethics policies, sustained ethical leadership and incorporation of ethics in organizational processes and strategy as part of an ethical culture at all levels of the organization. Albuquerque, Daniel (2010), in the book 'Business Ethics', argues that business ethics is not a pure science but a professional practice.

In this book the author provides an insight into the crucial role played by ethics in managerial decision-making and the impact of such decisions on organizations. The author states that the term business ethics is generally used to portray two different concepts. First, it describes the relationship of civil society to the business sector. Second, it involves the interaction of business entities with their main constituents: employees, customers, suppliers and shareholders, categorized as stakeholders. The author begins with a broad classical overview of the meaning and scope of ethics, the development of ethical thought, and the applications of ethical standards to business areas such as corporate governance, marketing and brand management, advertising, and finance. The book also discusses issues of workplace ethics and consumer rights with a special focus on ethical choices related to the environment, cyber space, and criminal intimidation. The author suggests that the purpose of business ethics is to guide business practice and add to the shareholders value without compromising the interests of any stakeholder in and of society.

Need for the Study:

business ethics has become important aspect in the organizations in the competitive world the practice of good conduct and ideals are the must for the organizations so in this paper we study the business ethics in wipro company.

Objective:

The main objective of this paper is to study the business ethics in the wipro company.

Methodology:

This paper mainly based on secondary data .The articles which are published in the area of business ethics in mnc have collected for study and from website of wipro company. Ethics is a set of universally accepted moral Business Ethics principles and values that influence over the behavior of a person or group in Business ethics can be terms of what is right and wrong.

Defined in simple words as, “doing right thing for your business stakeholders”.(shareholders, employees, customers, partners etc.) Ethics is differ from law. Research based institute. • Gives a ratings & rankings to the companies on basis of their ethical behavior. • The Worlds Most Ethical (WME) Companies designation recognizes companies that truly go beyond making statements about doing business "ethically" and translate those words into action. • And WIPRO was named as one of the most ethical company in the world.

1)Business Ethics Initiatives taken by WIPRO • Integrity Manual: Derived from the ‘WIPRO values’ and defines the way Wiproites should conduct Business with their customers. • It guides Wiproites through the tough choices they may face in the daily execution of their role and helps create confidence in the minds of the customers, investors, suppliers and society at large

2.)WIPRO SOS • ‘WIPRO SOS’ has introduced a helpline which comprises senior members of the company like Chairman Azim Premji. They are always available for guidance on any moral, legal or ethical. • Using this helpline, a senior manager revealed to the management that he had inflated a travel bill and opted to leave the company.

3).WIPRO’S OMBUDSPROCESS • On 15th aug,2003 Wipro introduced a process called the Wipro’s Ombudsprocess. • If an employee discovers information which he believes shows serious malpractice, impropriety, abuse or wrongdoing within the organization, this information would be disclosed internally without fear of reprisal.

4).Business practices not so ethical • Capital one terminated its contact with Wipro Spectramind (Wipro’s BPO) after agents were caught misleading customers during sales calls. Wipro’s quality assurance team which evaluates agent performance was asked to stand back for two weeks every month so that agents

could carry undetected. • This also led to termination of helpdesk contract with Lehman Brothers.

5. World Bank barred Wipro Technologies • Wipro Technologies had been banned in June 2007 for four years for "providing improper benefits to bank staff." World Bank staffers said the benefits included stock offered to the bank's former chief information officer, Mohammed Muhsin, who left the World Bank in 2005 • The four-year ban imposed in July 2007 to investors was not disclosed by Wipro. It only revealed the news now because of new disclosure rules.

6. ethical and unethical practices may co-exist within the company. • But studies show that Wipro focuses clearly on ethical issues and has the right intent to curb non-ethical issues. As a result, Recognized by the Ethisphere Institute, as one of the 2013 World's Most Ethical Companies, for the second year in a row. • There have been cases of unethical practices by individual employees like the financial fraud by an employee transferring funds amounting to \$14 m to his personal account . In such cases, Wipro needs to strengthen its corporate governance procedures and inculcate good values in the employees by promoting initiatives like Ombudsprocess.

7. Further, Government needs to introduce a robust anti-fraud policy The Department of Corporate Affairs in consultation with ICAI, ICSI and ICWAI should develop laws which come down heavily on breach of trust and fraud. • All agent employments must be thoroughly scrutinized. • Penalties must be made stiffer. • The conviction rate in corporate frauds, currently under a pathetic 5 per cent, must be improved. If an auditor fails in his/her duty in India, he/she now faces a ridiculous penalty of INR 10,000 and a maximum of 2 years imprisonment, whereas the US law prescribes imprisonment for 20 years. • Audit methods should be improved and incentives be offered to whistle-blowers.

Conclusion • Above analysis of cases shows that both ethical and unethical practices may co-exist within the company. But studies show that Wipro focuses clearly on ethical issues it has been taking all measures to maintain ethical standards the wipro maintains principles and values in the organization to signify its ethical practices.

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