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## Need for legal reform to regulate business ethics



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The study of business ethics and practices deals with issues like lack of corporate governance, insider trading, rampant practice of bribery, presence of discrimination, absence of corporate social responsibility, etc. At times, law guides the business ethics; but it is the basic framework that businesses may follow to gain public acceptance, and this is where lies the essence of business ethics. Developing ethical standards for businesses is crucial not only for the leaders to act virtuously as an example for the rest of the employees, but also for everyone associated with businesses to be diligent towards enforcement of policies and be realistic. Although, maintaining ethical expectation at all times may not be feasible and rules will inevitably be broken, therefore, the organisations/enterprises need to accept zero tolerance towards unacceptable business behaviours.

Although there exist critics who do not believe in relying in the use of 'law' to evaluate 'ethical standards' of an organisation and tend to say that it cannot be said – if it is legal than it is ethical, or that anything not prohibited by law is obviously proper and ethical or to assume that legal standards articulate or establish ethical principles, since law and rules do not depict what a professional ought to do to be ethical. It is also true that enterprises/organisations that lay the framework for business ethics in all features of operation are more likely to become and remain profitable than those who conduct their

business in an unethical manner. Statistics from the last two decades have been quite enlightening as it has been seen that businesses succumb to core ethical standards impacting not only their immediate shareholders but also the industries and entire economy of the country. However, in the last decade or so, the responses from the business community towards violation and breaches of integrity are growing wider and stronger, which is encouraging as societies or for that matter companies are creating better ways to address the issues of eroding values, integrity and ethics. Anyways, the bottom line remains, for long term sustainability to a great extent depends on policies, standards and the legislative support, i.e., legal enactments, statute and rules towards the framework of business environment.

In Bangladesh, the failure of legislative support towards effective good governance has resulted significantly for lack of business ethics and unsatisfactory culture of corporate social responsibility. Enterprises in private sector is busy in earning profit ignoring question of responsible behaviour by not bothering to earn trust and respect of their consumers/customers; issues like sell of adulterated products, asking exorbitant prizes, capitalising certain product name and goodwill, fraudulent practices in weight and measurement, hoarding to earn profit with dishonest intentions are all such phenomena that signify the present scenario of business world in the country.

Leaving aside the laws relating to companies/corporations where huge capitals are invested and also, some statutory provisions/requirements as well as social dicta do exist to encourage a culture that would further the practice of ethics and corporate social responsibility, the reality under the Partnership Act, 1932 is not at all congenial, rather to certain extent demoralising. The legal framework towards Rules on Conduct in the management of partnership business as contained under Chapter III and IV of the 1932 Act fails to demonstrate whether at all the legislature had any good intention to integrate ethics and social business etiquette as business standards, strategies and goals behind the back of their head while making the law.

A review of the scheme as envisaged under sections 9-16 of the Act (in terms of broad headings of partners' rights and liabilities, rules of conduct for partners while participating in management of their business and concerns of mutual rights and liabilities) does not demonstrate any concerns for ethical behaviors of partners, or for that matter, 'aspects of social responsibility' of the entrepreneurs. Rather sections 12, 13 and 16 explicitly allow partners to determine their internal business environment freely 'as they like', since the above sections are all subject to contracts that partners may choose to decide, thereby possibly ignoring the prescribed legal requirements that were contemplated by the legislature.

The above observations may, to certain extent, be acceptable for the reason that the 1932 Act is an age old law of British period, and hence, the legislature could not contemplate modern expectations of business ethics and corporate social responsibility to be incorporated in the law. Almost 75 years have passed and modernity in business practices now demand the law to be amended to accommodate or totally be reformed (as Companies Act, 1913 was done) to incorporate present-day views of ethical practices and corporate social responsibility.

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