Abstract

Today in era of cut throat competition a never-ending and relentless contest has now begun to cross the ethical boundaries. The rivalry between the competitors has crept into the lives of consumer too. The motive for higher profits had derived them to do wrong and an unethical practice which is creating harm to societal values and morals. Business environment depicts the actual condition of any society. So to disinfect the society, business environment has to be taken into account. This paper describes how service sectors have begun to degrade values in the desire to profit and high competition scenarios. This paper predicts that the roots of trust, loyalty and understanding have begun to tremble and there is a need of some kind of action. Our research suggests that better complain management, effective service recovery and understanding the cognitive values may sustain harmony, trust, brotherhood, loyalty, values and morality. We have seen that a service recovery pervades confidence and higher purchase intent. This paper is very helpful for the society as caring, sharing and involvement of love and trust among the buyer and seller will certainly helpful to sustain values, ethics and morality. This paper is conceptual in nature and as we find almost no literature on service recovery with ethical approach, makes it unique.

Keywords: loyalty; trust; service failure and recovery; satisfaction; complain management.

1. Business Performance with Business Ethics implementation

Implementation of well formulated ethical business policy has many benefits in a corporation. For example when an employee gets suitable treatment and is given importance,
he may perform better and in end create a better environment for the consumers. Also, business ethics include management providing their employees with current and true information in order for them to accomplish their job. During the time of failure there will be no time to begin a debate to resolve the problem, this make necessary for the need of a policy which avoids such discussions in stressful situations.

An optimistic connection is always known to be between ethical business approach and business success. It is true that, it is not simple for management to evaluate every ethical or moral situation they might encounter since ethics is a complex concept but there are some methods that can be used to apply business ethics into a company. It is critical for the management to agree on a policy, else redesigning of the management is needed since a leader that do not follow the agreed policy which might affect the whole corporation negatively.

The most tough task is making the employees realize the business values and to make the employees formulate them into their regular practices. One way to do this is to put up straightforward rules that describe to the employees accurately what they are supposed to do and what they should avoid doing. Still, many argue that “rules are for children and values are for moral adults” but since employees are expected to be to be innovative, strict rules and IQ need to be managed collectively in order to make the company as ethical as possible.

As the CSR Pyramid illustrates, businesses have a primary economic responsibility to “be profitable.” Resting on this foundational responsibility are three additional responsibilities: the legal responsibility to obey the law, the ethical responsibility to do what’s right and avoid harm, and the philanthropic responsibility to be a good corporate citizen. Since organizations function in a complex and constantly changing environment, employees are busy trying to adjust to new situations. Therefore, the need of being ethical is
not always occurring at an instant. Hence, the management holds the responsibility of creating an ethical climate within the organization. Through training and discussions about Business Ethics the employees will be provided with an opportunity to generate an understanding of the importance of a smooth functioning business ethical policy and the need of the establishment of an ethical working condition in an organization. By comprehending this, business leaders might be able to make ethical managerial decisions in different situations and this would result to a more successful organization.

2. Ethical Business Management practice

Every now and then written codes or instructed business guidelines are not enough to make the employees ethical in their values. Certain types of formal ethical training programs and formal ethical training of supervision of different types may be conducted to keep a check on business to be carried out ethically. A regular check on employees needs to be kept to make sure that the business is carried out in a healthy environment. This Ethical business approach can be defined as: “use of certain policies and specific practices in managing ethical issues formally or informally”. Lots of management approaches for business Ethics are also available which provide different mediums for handling the employee’s doubts. Organizations may also take the assist of experts and other qualified professionals for the management of ethics. A new trend is also been seen within the organizations for the training and educating their employees for the management of ethical business. Certain training can be provided to the employees in which a better training of ethical business management can be provided apart from simply business training. This would widen the knowledge of the employers during hiring of the staff at different levels and posts that would lead the organizations towards a sustainable approach rather than merely striving for pure profit.

3. Role of Service Recovery in service sector business

Service recovery is very old practice, defined as “the action of a service provider takes in response to service failure” (Gronroos 1988). Service recovery is a systematic business process that must be designed properly and implemented in an organization to identify customers with issues and then to address those issues to the customer satisfaction to promote customer retention (McCollough and Bhardwaj, 1992). The service recovery paradox has shown that service recoveries can build loyalty faster than if no failure had occurred which can promote the ethical values of the business too. Service recovery paradox lays emphasis on making an apology, problem solving, being courteous, prompt handling and positively influencing customer satisfaction. Service recovery may cancel the impact of service failure. Service recovery paradox is not a new subject but from years researchers have been trying to solve the occurrence and standardization of this phenomenon (Tseng, 2009).

Michel et al. (2001) thesis suggested researchers to give more attention to “service recovery paradox” and remark that, service recovery is not only problem solver of consumer but it is a very useful tool to increase the customer satisfaction. Customers repurchase intent
could be increased through the mediation of customer-perceived justice. The most important in recovery is timely action without that all efforts are in vein. Justification for service recovery paradox can be found in script theory. Knowledge about familiar, frequent situation can be helpful to identify expectancy of events to occur (Tseng, 2009).

4. Sustainability and Sustainable development

Sustainability has become a widely used concept by organizations, governments and academic institutions, in the discussion of business ethics and the impact of business activities having on the society and on the environment too. Sustainability mostly has been connected to environmental sustainability; the developed concept has become broader.

Concept of Sustainability is explained by Elkington, which laid emphasis on major three concepts including not only the environmental aspects, but also the economic- and social aspects. This means that social and economic aspects should be taken into consideration when addressing the sustainability of the environment. Thus Sustainability can be defined as: “the long term maintenance of systems according to environmental, social and economic considerations” . Though the concept can be, and is been widely in several different contexts, but the most commonly usage of Sustainability is in relation to Sustainable development. Sustainable development “includes the combination of environmental thinking into every aspect of social, political, and economic activity”, Sustainable development has become a foremost concept in the argument about the protection of our planet and has been discussed upon and is in the process of development from numerous decades by the world’s political leaders. In order to understand the fundamentals and the development of the concepts of Sustainability and Sustainable development, we see a need to propose and clarify the development of the environment and the protecting it.

5. Developing concepts of Sustainability Sustainable Development

During a two week discussion in Stockholm in1972 major discussions was carried out all the state members of United Nations, the discussion focused mainly upon the relationship between economic development and environmental degradation. The UN Conference on the Human Environment gathered all UN nations in order to form the Agenda 21, which is a blueprint of actions that need to be taken in order to achieve worldwide sustainable development. After the conference in 1972, the United Nations Environmental Program (UNEP) was set up by the governments and was supposed to work as a tool for actions to protect the environment. Besides negligible work was done by the governments implementing upon to integrate the program into the national economic planning, which lead to an alarming increase rate of pollution and global warming and also lead to an increase in the usage of natural resources.

Sustainability concept was promoted widely at the United Nations two week conference Earth Summit of 1992 in Rio de Janeiro, here the major emphasis of the discussions were laid upon decreasing the usage of earths fast decreasing natural resources and controlling the alarming pollution level certain solutions were also proposed.
After the conference, the need of change international and national plans and policies in order to make sure that they took environmental aspects was taken into account by the UN governments.

The summit’s message showcased the environmental problems that are faced by us; that how poverty and over consumption of the world’s resources put a lot of stress upon the environment.

If employees are being offered with issues and foundations of the concepts of Sustainability and Sustainable development they will receive a better understanding of the importance for a sustainable society which not only think about the needs of today, but take into consideration the needs of the future generations. employees will also have the knowledge about sustainability, understand the importance of Sustainable consumption, which is a vital concept within the sustainability discussion and addresses the consequences of an over consumption society where consumers and companies produce, consume and dispose resources and products without thinking about what impact that behavior has on the environment and the society in general.

6. Further research

Our suggestion is that a study can be made on the employees who are taking training on Business Ethics, CSR and Sustainability in their performances. Researches on, what they lack and how to make these training programmes more effective should be done to explore the sustainability aspect. As business leaders will they be able to take ethical issues into consideration, or will they have a more traditional mindset on business and be focusing only on how to maximize profit and shareholder value? This study recommends training and motivational programs for employees to learn to react and respond in cases of failures. Further providers in spite of blaming frontline employees for every kind of error should empower them to take appropriate action in failure cases rather to shift the case to senior people. The satisfied employee would not only prove his efficiency in delivery but also in service recovery and customer building.

Another interesting study would be to make a qualitative research on what employees who take training within Business Ethics, CSR and Sustainability actually learn and how they reflect upon these concepts. This study could be interesting to perform since it would show how much the employee actually learns from these training programmes and how it affects them. It has been found from the past researches that consumers do not have much trust on provider, which is a serious issue (Dutta et al., 2007). Consumers trust could be gained by making long term policies in complain management and recovery process. Last, it would be interesting to investigate how employees use their wisdom/education in practice/reality and whether the employees who have taken training within business Ethics, CSR and Sustainability perform more ethically than those who have not. This study could give results that describe the importance of offering training within these concepts and weather it is needed or not.
References