

VIVEKANANDA COLLEGE  
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NAAC ACCREDITED 'A' GRADE



**Topic:** CORPORATE CULTURE

**Course Title:** B.Com (UNDER CBCS SYSTEM)

**Paper:** BUSINESS ETHICS

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# **BUSINESS ETHICS**

Unit-4: Corporate Culture : Meaning, Role, Functions, Impact of Corporate Culture, Globalisation and Cross culture Issues in ethics, Corporate Code of Ethics.

**REFERENCE BOOKS: 1. Entrepreneurship Development and Business Ethics by Abhik Kumar Mukherjee and Shaunak Roy-Oxford Higher Education**

**2. Entrepreneurship Development and Business Ethics by Dr.Buddhadeb Chandra and Dr. Bhaskar Biswas- TEE DEE Publications**

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## **CORPORATE CULTURE**

### **MEANING**

The knowledge, belief, morals, laws sentiments customs, habitats of an individual or a group form the culture of an individual or a group. Culture is a discriminating factors between individuals or groups. The general tendency of an individual or a group is to follow their culture. Culture is the characteristics and knowledge of a particular group of people, encompassing language, religion, cuisine, social habits, music and arts.

Corporate Culture is the sum of organisational values, beliefs, customs etc. Corporate culture refers to the beliefs and behaviours that determine how a company's employees and management interact and handle outside business transactions. Corporates tend to follow their culture strictly to differentiate with other organisations. Corporates lay down a set of values for the employee behaviour, policies or set of guidelines to be followed within the organisation.

Example: Uniforms, working hours, office setup, treatment of clients, employee benefits are part of corporate culture.

### **ROLE**

1. Corporate culture creates a sense of belongingness among the employees for the organisation.
2. It helps to boost the efficiency and the productivity.
3. Gives a sense of direction with pre-determined policies.
4. Reduces labour turnover.
5. Helps in forming a brand image about the company.

## **FUNCTIONS**

1. Improve Co-operation among employees
2. Systematic decision making.
3. Conflict resolution.
4. Improve the effectiveness of communication
5. Encourages the performances of the employees

## **IMPACT OF CORPORATE CULTURE**

1. Good corporate culture has a great impact on the sales, profit, employee hiring etc.
2. It ensures quality of the products.
3. It promotes healthy working conditions for the employees.
4. Good corporate culture encourages professionalism.
5. Active participation in social responsibility.

## **GLOBALISATION AND CROSS CULTURE ISSUES IN ETHICS**

Business starts with the objective of going concern concept. Any business that starts has an aim to sustain in the market for the longest period possible. A business also has an aim to expand and grow. Globalisation has paved the way for business to expand beyond the territorial boundaries.

Globalisation is the policy of opening up the economy to the other economies of the world through trade, capital flow and flow of technologies. Globalisation results in expansion of business, increases profits and sale, helps in exchanges of technology, ideas and information etc.

Globalisation also has certain challenges like exposure to fierce competition from other corporations, technological development, source of materials, cross cultural issues. A corporation aiming at globalisation should take care of such challenges.

Different corporates have different cultural values, beliefs and customs. Due to globalisation, these corporates encounter a problem where the companies or the cultural group have totally different values, beliefs and customs, this is known as cross culture issues. The organisation now needs to bridge the gap between two different cultures.

Example: employees getting transferred to foreign countries need to adapt the culture of that place.

## **CORPORATE CODE OF ETHICS**

Code of ethics is a set of guidelines comprising the ethical principles established by an organisation. The corporates follow the code of ethics to maintain honesty and integrity.

Corporate code of Ethics generally guides the mission and vision of the organisation and influences the functions of the corporate. It is defined as the set of ethical standards for the corporates. It controls the behaviour of the employees and also checks compliance of the employees with the organisational goals.

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