

Business Ethics

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Abstract :-

Business ethics is nothing but the application of ethics in business. Business ethics is the application of general ethical ideas to business behaviour. Ethical business behaviour facilitates and promotes good to society, improves profitability, fosters business relations and employee productivity. Generally it's coming to know what is right or wrong in the workplace and doing what's right.

Business ethics is concerned with the behaviour of a businessman in doing a business. Unethical practices are creating problems to businessman and business units. The life and growth of a business unit depends upon the ethics practiced by a businessman. Business ethics are developed by the passage of time and custom. A custom differs from one business to another. If a custom is adopted and accepted by businessman and public, that custom will become an ethic. Business ethics is applicable to every type of business. The social responsibility of a business requires the observing of business ethics. A business man should not ignore the business ethics while assuming social responsibility.

According to Wheeler Business Ethics is an art and science for maintaining harmonious relationship with society, its various groups and institutions as well as reorganising the moral responsibility for the rightness and wrongness of business conduct.

Keywords:-Business ethics, corporate social responsibility, corporate governance, conduct, ethics .

Introduction:-

Business ethics (also corporate ethics) are a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of the organisation. Business ethics have both normative and descriptive dimensions. As a corporate practice and a career specialisation, the field are primarily normative. Academics attempting to understand business behaviour employ descriptive methods. The range and quantity of business ethical issues reflects the interaction of profit-maximising behaviour with non-economic concerns.

Characteristic of Business Ethics:-

- a) Business ethics are the principles, which govern and guide business people to perform business functions and in that sense business ethics is a discipline.
- b) It is considered both as a science and an art.
- c) It continuously test the rules and moral standards and is dynamic in nature.
- d) It is based on theological principles such as sincerity, human welfare, service, good behaviour etc.
- e) It is based on reality and social customs prevailing in business environment.
- f) It studies the activities , decisions and behaviour which are related to human beings.
- g) It has universal application because business exists all over the world.

Importance Of Business Ethics:-

There may be many reasons why business ethics might be regarded as an increasingly important area of study, whether as students interested in evaluating business activities, or as managers seeking to improve their decision-making skills.

It is generally viewed that good business ethics promote good business.

1)The power and influence of business in society is greater than ever before. Business ethics helps us to understand why this is happening, what its implications might be, and how we might address this situation.

2)Business has the potential to provide a major contribution to our societies, in terms of producing the products and services that we want, providing employment, paying taxes, and acting as an engine for economic development and thereby increases the goodwill.

3) Business malpractices have the potential to inflict enormous harm on individuals, on communities and on the environment. Through helping us to understand more about the causes and consequences of these malpractices, business ethics helps to create mutual trust and confidence in relationship.

4)The demands being placed on business to be ethical by its various stakeholders are constantly becoming more complex and more challenging. Business ethics provides the means to appreciate and understand these challenges more clearly, in order that firms can meet these ethical expectations more effectively.

5) Business ethics can help to improve ethical decision making by providing managers with the appropriate knowledge and tools that allow them to correctly identify, diagnose, analyse, and provide solutions to the ethical problems and dilemmas they are confronted with.

6)A business can prosper on the basis of good ethical standards and it helps to retain the business for long years.

7) Business ethics can provide us with the ability to assess the benefits and problems associated with different ways of managing ethics in organisations.

8)In the age of complexity in business fields , competition is increasing day by day Good ethical standard helps the business to face the challenges

Principles Of Business Ethics:-

1) **Sacredness of means and ends** : The first and most important principles of business ethics emphasise that the means and techniques adopted to serve the business ends must be sacred and pure.It means that a good end cannot be attained with wrong means, even if it is beneficial to the society.

2) **Not to do any evil**: It is unethical to do a major evil to another or to oneself , whether this evil is a means or an end.

3) **Principle of proportionality**: This principle suggests that one should make proper judgment before doing anything so that others do not suffer from any loss or risk of evils by the conducts of business.

4)**Non co-operation in evils**: It clearly points out that a business should with any one for doing any evil acts.

5) **Co-operation with others**: This principles states that business should help others only in that condition when other deserves for help.

6) **Publicity:** According to W. Wilson, anything that is being done or to be done, should be brought to the knowledge of everyone. If everyone knows, none gets opportunity to do an unethical act.

7) **Equivalent price:** According to W. Wilson, the people are entitled to get goods equivalent to the value of money that he will pay.

8) **Universal value:** According to this principle the conduct of business should be done on the basis of universal values.

9) **Human dignity:** As per this principle, man should not be treated as a factor of production and human dignity should be maintained.

10) **Non violence :** If businessman hurts the interests and rights of the society and exploits the consumer by overlooking their interests this is equivalent to violence and unethical act.

Ethical Management:-

To create an ethical organisation certain steps are to be taken. Ethical or unethical behaviour of individual employees is influenced in the workplace both by their own moral development and the influence that the organisation culture exerts on them. They are influenced by a group of forces that surround them such as their peers, their supervisors, and superiors, the reward system, group norms, company values and policies and the manner of their implementation. Ethical behaviour can be developed and managed in a number of

ways. The pivotal role to manage and develop ethical behaviour among employees lies with the human resource management of that organisation. Human resource management department can execute this through training, communication and discipline. The big organisations which are ethically committed, assign the primary task of managing and monitoring ethical behaviour to HRM department. In some other organisations, there may be ethics officers who are entrusted with the responsibility to bring ethics and managed ethics in every endeavour of their organisation.

Advantages of Managing Ethics in Workplace:-

1. *Significant improvement to society:-*
Application of business ethics helps to avoid many evils from the society. It includes child labour, unscrupulous price fixing, harassment of employees, poverty and starvation of employees etc.

2. *Cultivate strong team work and productivity:-*
Ethical programme helps to tune employee behaviour in accordance with the values preferred by leaders of the organisation. It helps to build openness, integrity and a sense of oneness among all. Employees feel strong alignment between their values and those of the organisation and they react with strong motivation and performance.

3. *Support Employee Growth:-*
Ethics programme help employees to face reality, both good and bad in the organisation and themselves. They feel full confidence to admit and deal with whatever comes their way.

4. *Insurance policy:-*

Ethical programs help to ensure that policies are legal. Ethical principles are often applied to current, major ethical issues and become legislation. A major intent of well designed personnel policies is to ensure ethical treatment of employees.

5. *Avoid Penal action:-*

Ethical programs help to detect issues and violations early so that they can be reported or addressed which helps to avoid subsequent penal actions and lower fines.

6. *Helps in Quality Management, Strategic planning and diversity management:-*

Ethical programme identify favourite values and ensure organisational behaviours which are associated with those values. This complex effort can be aligned with values, including quality management, strategic planning and diversity management.

Role Of Organisation Culture In Ethics:-

An organisation culture can potentially influence the ethical conduct of the organisation. Organisation culture has been identified as one of the main factor which influenced the ethical conduct at workplaces. An organisation can guide the conduct of its employees by embedding ethical values in its dominant culture.

Organisation culture refers to a system of shared meaning held by members that distinguishes the organisation form other organisations. It is a set of assumptions, beliefs, values and norms that are shared by organisation members. It is the basic pattern of shared assumptions and values that

governs behaviour with in a particular organisation. It can be created by the founder of the organisation based on his or her values and expectations.

Organisation culture represents the common perception shared by members of an organisation. Individuals with different backgrounds in an organisation altogether have a tendency to describe the organisation culture in almost similar terms. The strength of an organisation culture has an influence on ethical behaviour of managers. If the culture is strong and supports high ethical standards, it should have a very powerful positive influence on a manager's ethical behaviour, In a weak culture managers are more likely to rely on sub cultural norms to guide their behaviour.

An effective organisational culture should encourage ethical behaviour and discourage unethical behaviour. The corporate culture of a firm is evolved by its people imbibing values, good or bad which its top executives have an ethical and social conscience, than they will, by their thoughts and deeds, inspire their subordinates to exhibit these values, both inside and outside their workplace.

Conclusion:-

Ethical firms had a prestigious standing in the mind perspective of customers and brings loyalty base for them. Creates a conducive legal and regulatory work environment for business are complying to every requirement. Business houses are taking major initiative to adhere to corporate responsibility through various eco-efficiency policies, green strategy and building a climate of integrity and excellence. A code simply defines the rights and responsibilities of members and helps guard against preferential treatment of employees.

Customer loyalty, brand value, employees pride all in integration increase market



efficiency and thereby increase the economic efficiency of the firm.

[2013/12/ten-benefits-of-having-an-ethics-code](#)

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