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Business Ethics



Ethics has become a buzzword in the corporate world. The reason for this is the globalization and the explosion in the communication. Business ethics is given much importance nowadays.

Business ethics (also known as **corporate ethics**) is a form of applied ethics or professional ethics, that examines ethical principles and moral or ethical problems that can arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations. These ethics originate from individuals, organizational statements or from the legal system. These norms, values, ethical, and unethical practices are the principles that guide a business. They help those businesses maintain a better connection with their stakeholders.



Business ethics refers to contemporary organizational standards, principles, sets of values and norms that govern the actions and behavior of an individual in the business organization.

Businesses should have a balance between the needs of the stakeholders and their desire to make profits. While maintaining these balances, many a times businesses require to do tradeoffs. To combat such scenarios, rules and principles are formed in the organization.

This ensures that businesses gain money without affecting the individuals or society as a whole. The ethics involved in the businesses reflect the philosophy of that organization.

Features of Business Ethics:

Major features of business ethics –

1. **Code of Conduct** – Business ethics is actually a form of codes of conduct. It lets us know what to do and what not to do. Businesses must follow this code of conduct.
2. **Based on Moral and Social Values** – Business ethics is a subject that is based on moral and social values. It offers some moral and social principles (rules) for conducting a business.
3. **Protection to Social Groups** – Business ethics protect various social groups including consumers, employees, small businesspersons, government, shareholders, creditors, etc.
4. **Offers a Basic Framework** – Business ethics is the basic framework for doing business properly. It offers social, cultural, legal, economic, and other limits in which a business must

operate.

5. **Voluntary** – Business ethics is meant to be voluntary. It should be self-practiced and must not be enforced by law.
6. **Relative Term** – Business ethics is a relative term. It changes from one business to another and from one country to another.

Principles of Business Ethics:

The principles of business ethics are related to social groups that comprise of consumers, employees, investors, and the local community. Here are a few important rules or principles of business ethics –

1. **Avoid Exploitation of Consumers** – Do not cheat and exploit consumer with measures such as artificial price rise and adulteration.
2. **Avoid Profiteering** – Unscrupulous business activities such as hoarding, black-marketing, selling banned or harmful goods to earn exorbitant profits must be avoided.
3. **Encourage Healthy Competition** – A healthy competitive atmosphere that offers certain benefits to the consumers must be encouraged.
4. **Ensure Accuracy** – Accuracy in weighing, packaging and quality of supplying goods to the consumers has to be followed.
5. **Pay Taxes Regularly** – Taxes and other duties to the government must be honestly and regularly paid.
6. **Get the Accounts Audited** – Proper business records, accounts must be managed. All authorized persons and authorities should have access to these details.
7. **Fair Treatment to Employees** – Fair wages or salaries, facilities and incentives must be provided to the employees.
8. **Keep the Investors Informed** –The shareholders and investors must know about the financial and other important decisions of the company.
9. **Avoid Injustice and Discrimination** – Avoid all types of injustice and partiality to employees. Discrimination based on gender, race, religion, language, nationality, etc. should be avoided.
10. **No Bribe and Corruption** – Do not give expensive gifts, commissions and payoffs to people having influence.
11. **Discourage Secret Agreement** – Making secret agreements with other business people to influence production, distribution, pricing etc. are unethical.
12. **Service before Profit** – Accept the principle of “service first and profit next.”
13. **Practice Fair Business** – Businesses should be fair, humane, efficient and dynamic to offer certain benefits to consumers.
14. **Avoid Monopoly** – No private monopolies and concentration of economic power should be practiced.

15. **Fulfil Customers' Expectations** – Adjust your business activities as per the demands, needs and expectations of the customers.
16. **Respect Consumers Rights** – Honor the basic rights of the consumers.
17. **Accept Social Responsibilities** – Honor responsibilities towards the society.
18. **Satisfy Consumers' Wants** – Satisfy the wants of the consumers as the main objective of the business is to satisfy the consumer's wants. All business operations must have this aim.
19. **Service Motive** – Service and consumer's satisfaction should get more attention than profit-maximization.
20. **Optimum Utilization of Resources** – Ensure optimum utilization of resources to remove poverty and to increase the standard of living of people.
21. **Intentions of Business** – Use permitted legal and sacred means to do business. Avoid Illegal, unscrupulous and evil means.

Finally, a very important point to ponder for all businesses & businessmen as Warren Buffet says "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."



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