

BUSINESS ETHICS



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Abstract:-Ethics contain a set of principles of personal and professional conduct .The concept of Business ethics relates itself to the norms and the ideals businessman and business groups adopt in course of their activities in business .Business ethics is an assertion of “be good” and “do good” in business. Ethical business practices has been a blessing to the enterprises as it ensures faith in society ,government trust ,business partners trust .on the other hand unethical business practices /behavior are may be the feel good factor in the short run for earning secret profit but prove as a monster in the long run as it leave a big spot on the enterprise image by indulging in activities like Black Marketing ,False Advertisement, Tax evasion etc .Thus it is the foremost duty of each enterprise to run its business on ethical grounds so that they can attain customers retention as well as employees retention in the long run and should not have a greed for becoming prey of unethical business practices thereby ditching the society as a whole .The principles laid down by IBE (Institute of Business Ethics ,London) should be followed with sincerity by all enterprise leading to a trustworthy environment all around .

Keywords:ethics, business ethics, ethical business practices, unethical business practices/behavior

INTRODUCTION

The term “ethics” has been originated from the Greek word, “ethos” meaning character, guiding beliefs, standards or ideals that pervade a group, community, a people. Today, ethics is considered as the study of moral behavior. Ethics can be defined as the capacity to reflect on values in the corporate decision-making process, to determine how these values and decisions affect various stakeholder groups, and to establish how managers can use these observations in day to day company management. Thus, ethics when applied to business sphere is called “business ethics”. The following relates to the features of Business ethics:

- i. “Business Ethics” is an umbrella term which covers all business practices which are desirable from the point of view of society.
- ii. It aims at fair and reasonable treatment to all.
- iii. Business ethics emphasize making a businessman honest, just and responsible citizen.
- iv. It creates a self-imposed discipline on the part of businessman.

NEED FOR BUSINESS ETHICS

Business ethics has become a necessity due to the following reasons:

- i. Business is a part of economic system, and economic system is a part of the overall social system. As a part, a business enterprise cannot behave unethically; it cannot set aside the social and economic values.
- ii. Like any other member of society, business people also believe that ethical business conduct is good business as well good citizenship. That is the reason why most of the business people have been avoiding unethical business practices like adulteration, overcharging, black marketing
- iii. In almost every sphere of business activity laws have been enacted which declare certain business practices as illegal and prohibited. Hence Obedience to such laws is ethical.
- iv. Today every businessman firmly believes that business ethics are in their own self interest. That is, if business enterprises follow business practices, it will lead to higher profits and prosperity in the long run. For example, if a firm maintains quality, pays taxes honestly; cares for the welfare of employees and so on, it will find in long run its sales and profits will touch greater heights.
- v. Business history has witnessed the most of the business appropriations, frauds, and scandals have been committed by business graduates. This has, therefore underlined the need for prescribing business ethics as a subject in various countries including India. Establishment of an “Institute of Business Ethics” in London is one such example.

Ethical Business Practices

Ethical Business practices are the one which all enterprises seek to follow and ensure for their long run profit along with society satisfaction as a whole. Some of the Ethical business practices are as follows:

- i. To charge fair prices from the customers
- ii. To use fair weights for measurement of commodities
- iii. To pay taxes to the government honestly
- iv. To earn reasonable profits
- v. To give fair treatment to workers

Unethical Business Practices

Following Unethical practices in business costs a lot. Some of the major activities which amount to unethical practices in business are as follows:

- i. Substandard production; environment degradation, depletion of natural resources, pollution
- ii. Ill –treatment of employees, denial of social and economic security, lack of safety measures at place of work
- iii. Financial irregularities in business dealings with the government, people and those concerned with business organization.
- iv. False and misleading advertisements with regard to products; and their quality
- v. Maintenance of double standards of ethics; truth somewhere and lies somewhere else.

vi. Evasion of excise duty, sales tax, income tax etc, smuggling of goods

The Josephson Institute of Ethics lists some of the major risks of ignoring ethics in business. It says:

- i. Unethical behavior harms the sales
- ii. Unethical behavior promotes Civil/Criminal cases
- iii. Once viewed as corrupt, the company becomes one for all time as one false move can destroy any enterprise overnight.
- iv. Unethical behavior encourages employee frauds
- v. Unethical behavior worsens productivity as when workers don't trust each other and their supervisors, then morale is low, stress is high and output is undermined
- vi. Unethical behavior has adverse effects on profits, affects customers' retention and employees' retention as well. It worsens sabotaging power.

Therefore the IBE (Institute of Business Ethics, London) has given the following principles of an admirable business ethics as under:

- i. Be trustful –Customers want to do business with a company they can trust. Trust defined, is assured reliance on the character, ability, strength and truth of a business.
- ii. Keep an Open Mind –For continuous improvement of the company, the leader of an organization must be open to new ideas. Ask for opinions and feedback from both customers and team members and company will continue to grow.
- iii. Meet obligations –Reclaim any lost business by honoring all commitments and obligations.
- iv. Have clear documents –re-evaluate all print materials including small business brochures, important business documents making sure they are clear, precise and professional.
- v. Become community involved—remain involved in a community related issues and activities.
- vi. Maintaining accounting control—gaining control of accounting and record keeping will always allow the enterprises to end any dubious activities promptly
- vii. Be respectful- treat others with utmost respect regardless of differences in positions, ages or other types of distinctions.

CONCLUSION

To conclude, Business Ethics form an integral part being surrounded by external environments and operating within the society. As it is clear from the points mentioned earlier, ethical practices in business pays while unethical business practices costs integrity, honesty and character in business. Business ethics if followed in right manner will lead to the golden ladder of success and a win-win situation for the enterprise as well as society.

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Links

http://en.wikipedia.org/wiki/Business_ethics



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