

Title: BUSINESS ETHICS

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ABSTRACT

Business Ethics is a form of profession 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 individuals and business organization as a whole. Applied ethics is a field of ethics that deals with ethical questions in many fields such as medical, technical, legal and business ethics. In this paper we will consider the factor of 'Business Ethics' as an asset for the organization. From the business point of view, each and every organization tries to achieve the main goal, which obviously is to 'maximize the profit'. But while doing so these organizations should also consider their moral, ethical and social obligations. If these obligations are neglected, in the long run it would implicate many devastating results, while fulfilling those could prove to be a very valuable asset in the long run.

MEANING

Ethics is a set of rules that define right and wrong conduct.

Business ethics can be defined as written and unwritten codes of principles and values that govern decisions and actions within a company. In the business world, the organization's culture sets standards for determining the difference between good and bad decision making and behavior.

3 MODELS OF MANAGEMENT ETHICS

Three types of management ethics.

- Moral Management

- Amoral Management

➤ Immoral Management

1) **MORAL MANAGEMENT**

Confirms to high standards of ethical behavior.

2) **AMORAL MANAGEMENT**

a) Intentional - Does not consider ethical factors.

b) Unintentional – Casual or careless about ethical considerations in business.

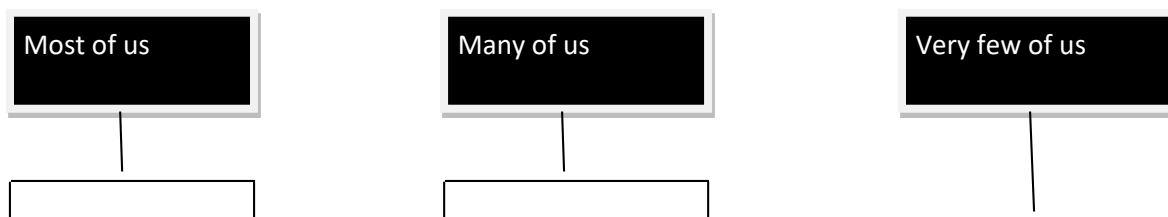
3) **IMMORAL MANAGEMENT**

A style devoid of ethical principles and active opposition to what is ethical.

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DEVELOPING MORAL JUDGEMENT

Fig 1:

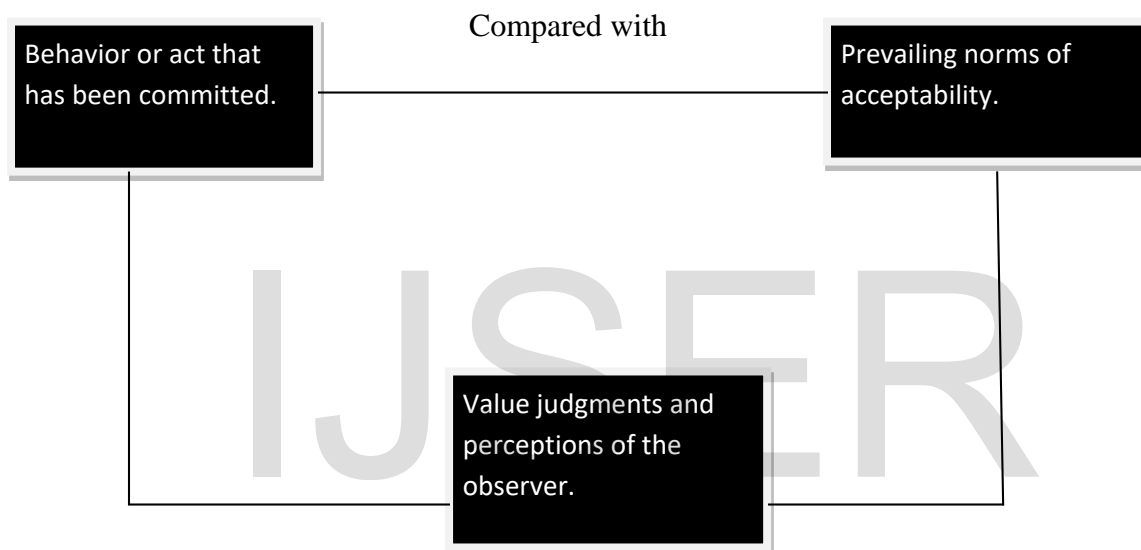




Sources: <https://www.slideshare.net/y4ss1r/business-ethics-14811885>

MAKING ETHICAL JUDGEMENTS

Fig 2:



Sources: <https://www.slideshare.net/y4ss1r/business-ethics-14811885>

WHAT IS ETHICAL BEHAVIOR?

In many situations lines between right and wrong are blurred. Such situations can lead to ethical dilemmas.

When faced with ethical dilemmas, it's important to consider outcomes of the decision - making process. One way of dealing with ethical dilemmas is by using the four way test to evaluate decisions. This test involves asking four questions:

- Is my decision a truthful one?

- Is my decision fair to everyone affected?
- Will it build goodwill for the organization?
- Is the decision beneficial to all parties who have a vested interest in the outcome?

WHO IS RESPONSIBLE FOR CREATING ETHICS IN AN ORGANIZATION?

A company's managers play an important role in establishing its ethical tone. If managers behave as if the only thing that matters is profit, employees are likely to act in a like manner. A company's leaders are responsible for setting standards for what is and is not acceptable employee behavior. It's vital for managers to play an active role in creating a working environment where employees are encouraged and rewarded for acting in an ethical manner.

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7 PRINCIPLES OF ADMIRABLE BUSINESS ETHICS

- Be trustful.
- Keep an open mind.
- Meet obligations.
- Have clear documents.
- Become community involved.

- Maintain accounting control.

- Be respectful.

1) BE TRUSTFUL

Trust is the key to establishing an ethical organization environment -- one that guides decisions and actions. Trust in business is the cornerstone of relationships with customers, suppliers, employees, and others who have dealings with an organization. Trust means to be reliable and carry through words with deeds.

2) KEEP AN OPEN MIND

For continuous improvement of a company, the leader of an organization must be **open** to new ideas. Ask for opinions and feedback from both customers and team members and your company will continue to grow.

3) MEET OBLIGATIONS

Business owners are ultimately responsible for whether a business fulfills its ethical obligations. Conduct ethics training that sets clear expectations and shows staff members how their decisions and attitude towards ethical behavior impacts long-term business.

4) HAVE CLEAR DOCUMENTS

Re-evaluate all prints materials including small business advertising, brochures and other business documents making sure they are clear, precise and professional.

5) BECOME COMMUNITY INVOLVED

According to the concept of social responsibility the objective of managers for taking business decisions is not merely to maximize profits or shareholders' value but also to serve and protect the interests of other members of a society such as workers, consumers and the community as a whole.

6) MAINTAIN ACCOUNTING CONTROL

According to the concept of social responsibility the objective of managers for taking business decisions is not merely to maximize profits or shareholders' value but also to serve and protect the interests of other members of a society such as workers, consumers and the community as a whole.

7) BE RESPECTFUL

Respectful leaders are respected leaders. They become more resilient and better able to manage others during times of crisis. These leaders are able to find greater satisfaction and sense of confidence and composure in their work and in life.

OVERVIEW OF ISSUES IN BUSINESS ETHICS

- Corporate social responsibility.
- Fiduciary responsibility, stakeholder concept v. Shareholder concept.
- Industrial espionage.

1) CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility, or “CSR,” refers to the need for businesses to be good corporate citizens. CSR involves going beyond the law's requirements in protecting the environment and contributing to social welfare. It is widely accepted as an obligation of modern business.

2) FIDUCIARY RESPONSIBILITY, STAKEHOLDER CONCEPT v. SHAREHOLDER CONCEPT

The shareholder, again, is a person who owns shares of the company. A stakeholder has a stake in the company. Therefore, shareholders are owners and stakeholders are interested

parties. ... The biggest difference between the two is that shareholders focus on a return of their investment.

3) **INDUSTRIAL ESPIONAGE**

Industrial espionage is the illegal and unethical theft of business trade secrets for use by a competitor to achieve a competitive advantage. Industrial espionage is conducted by companies for commercial purposes rather than governments for national security purposes.

GENERAL BUSINESS ETHICS

- Ethics of human resource management.
- Ethics of sales and marketing.
- Ethics of production.
- Ethics of intellectual property, knowledge and skills.

1) **ETHICS OF HUMAN RESOURCE MANAGEMENT**

Human Resource Management (HRM) deals with work force management, manpower planning and other employee related activities in an organization. HRM concerns human issues, especially those related with compensation, development, industrial relations, health and safety issues.

2) **ETHICS OF SALES AND MARKETING**

Ethics are a collection of principles of right conduct that shape the decisions people or organizations make. Practicing ethics in marketing means deliberately applying standards of fairness, or moral rights and wrongs, to marketing decision making, behavior, and practice in the organization.

3) ETHICS OF PRODUCTION

Ethics in production is a subset of business ethic that is meant to ensure that the production function or activities are not damaging to the consumer or the society. In order to survive in the competitive sphere organizations try to reduce the costs involved in production processes.

4) ETHICS OF INTELLECTUAL PROPERTY, KNOWLEDGE AND SKILLS

The three types of laws that protect intellectual property are copyrights, trademarks, and patents. Unlike conventional property, like physical objects or land, intellectual property is often intangible because it concerns creations of the mind.

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EXAMPLE

Today, more from the world of product safety. This time the story is about coke and pepsi, and allegations that the versions of their products manufactured in India contain unacceptably high levels of pesticides.

World's biggest brand names, known for wooing customers around the world, are facing a credibility crisis in one of their crucial emerging markets.

RELIGIOUS VIEWS ON BUSINESS ETHICS

- The basic of Indian subjectivity lies in the belief of god.

- He suggested the fundamental law of ethics.

- “Don’t injure others; love everyone as your own self universe is one”.

CONCLUSION

Ethics are important not only in business but in all aspects of life because it is an essential part of the foundation on which of a civilized society is build. A business or society that lacks ethical principles is bound to fail sooner or later.

REFERENCES

Websites

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Textbooks

- Values and Ethics in Business and Profession.
- Business Ethics and Corporate Social Responsibility.
- Business Ethics Concepts and Cases.

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