

A

Seminar report

On

Business Ethics

Submitted in partial fulfillment of the requirement for the award of degree
Of MBA

SUBMITTED TO:

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Preface

I have made this report file on the topic **Business Ethics**; I have tried my best to elucidate all the relevant detail to the topic to be included in the report. While in the beginning I have tried to give a general view about this topic.

My efforts and wholehearted co-corporation of each and everyone has ended on a successful note. I express my sincere gratitude towho assisting me throughout the preparation of this topic. I thank him for providing me the reinforcement, confidence and most importantly the track for the topic whenever I needed it.

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Secondly, I would like to thank my parents who patiently helped me as i went through my work and helped to modify and eliminate some of the irrelevant or un-necessary stuffs.

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Introduction

Business ethics (also corporate ethics) is 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 individuals and entire organizations.

Business ethics has normative and descriptive dimensions. As a corporate practice and a career specialization, the field is primarily normative. Academics attempting to understand business behavior employ descriptive methods. The range and quantity of business ethical issues reflects the interaction of profit-maximizing behavior with non-economic concerns. Interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major corporations and within academia.

For example, most major corporations today promote their commitment to non-economic values under headings such as ethics codes and social responsibility charters. Adam Smith said, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." Governments use laws and regulations to point business behavior in what they perceive to be beneficial directions. Ethics implicitly regulates areas and details of behavior that lie beyond governmental control. The emergence of large corporations with limited relationships and sensitivity to the communities in which they operate accelerated the development of formal ethics regimes.

What is Business Ethics?

The concept has come to mean various things to various people, but generally it's coming to know what is right or wrong in the workplace and doing what's right -- this is in regard to effects of products/services and in relationships with stakeholders. Wallace and Pekel explain that attention to business ethics is critical during times of fundamental change -- times much like those faced now by businesses, both nonprofit and for-profit. In times of fundamental change, values that were previously taken for granted are now strongly questioned. Many of these values are no longer followed. Consequently, there is no clear moral compass to guide leaders through complex dilemmas about what is right or wrong. Attention to ethics in the workplace sensitizes leaders and staff to how they should act. Perhaps most important, attention to ethics in the workplaces helps ensure that when leaders and managers are struggling in times of crises and confusion, they retain a strong moral compass. However, attention to business ethics provides numerous other benefits, as well (these benefits are listed later in this document).

Note that many people react that business ethics, with its continuing attention to "doing the right thing," only asserts the obvious ("be good," "don't lie," etc.), and so these people don't take business ethics seriously. For many of us, these principles of the obvious can go right out the door during times of stress. Consequently, business ethics can be strong preventative medicine. Anyway, there are many other benefits of managing ethics in the workplace. These benefits are explained later in this document.

History

Business ethical norms reflect the norms of each historical period. As time passes norms evolve, causing accepted behaviors to become objectionable. Business ethics and the resulting behavior evolved as well. Business was involved in slavery, colonialism, and the cold war.

The term 'business ethics' came into common use in the United States in the early 1970s. By the mid-1980s at least 500 courses in business ethics reached 40,000 students, using some twenty textbooks and at least ten casebooks along supported by professional societies, centers and journals of business ethics. The Society for Business Ethics was started in 1980. European business schools adopted business ethics after 1987 commencing with the European Business Ethics Network (EBEN). In 1982 the first single-authored books in the field appeared.

Firms started highlighting their ethical stature in the late 1980s and early 1990s, possibly trying to distance themselves from the business scandals of the day, such as the savings and loan crisis. The idea of business ethics caught the attention of academics, media and business firms by the end of the Cold War. However, legitimate criticism of business practices was attacked for infringing the "freedom" of entrepreneurs and critics were accused of supporting communists. This scuttled the discourse of business ethics both in media and academia

Principles for Positive Business Ethics

- 1. Business Ethics are built on Personal Ethics.** There is no real separation between doing what is right in business and playing fair, telling the truth and being ethical in your personal life.
- 2. Business Ethics are based on Fairness.** Would a dis-interested observer agree that both sides are being treated fairly? Are both sides negotiating in good faith? Does each transaction take place on a “level playing field”? If so, the basic principles of ethics are being met.
- 3. Business Ethics require Integrity.** Integrity refers to whole-ness, reliability and consistency. Ethical businesses treat people with respect, honesty and integrity. They back up their promises, and they keep their commitments.
- 4. Business Ethics require Truth-telling.** The days when a business could sell a defective product and hide behind the “buyer beware” defense are long gone. You can sell products or services that have limitations, defects or are out-dated, but not as first-class, new merchandise. Truth in advertising is not only the law, business ethics require it.
- 5. Business Ethics require Dependability.** If your company is new, unstable, about to be sold, or going out of business, ethics requires that you let clients and customers know this. Ethical businesses can be relied upon to be available to solve problems, answer questions and provide support.
- 6. Business Ethics require a Business Plan.** A company’s ethics are built on its image of itself and its vision of the future and its role in the community. Business ethics do not happen in a vacuum. The clearer the company’s plan for growth, stability, profits and service, the stronger its commitment to ethical business practices.
- 7. Business Ethics apply Internally and Externally.** Ethical businesses treat both customers and employees with respect and fairness. Ethics is about respect in the conference room, negotiating in good faith, keeping promises and meeting obligations to staff, employers, vendors and customers. The scope is universal.
- 8. Business Ethics require a Profit.** Ethical businesses are well-run, well-managed, have effective internal controls, and clear expectations of growth. Ethics is about how we live in the present to prepare for the future, and a business without profits (or a plan to create them) is not meeting its ethical obligations to prepare for the future well-being of the company, its employees and customers.
- 9. Business Ethics are values-based.** The law, and professional organizations, must produce written standards that are inflexible and universal. While they may talk about “ethics”, these documents are usually prescriptive and refer to minimal standards. Ethics are about values, ideals and aspirations. Ethical businesses may not always live up to their ideals, but they are clear about their intent.

10. Business Ethics come from the Boss. Leadership sets the tone, in every area of a business. Ethics are either central to the way a company functions, or they are not. The executives and managers either lead the way, or they communicate that cutting corners, deception and disrespect are acceptable. Line staff will always rise, or sink, to the level of performance they see modeled above them. Business ethics starts at the top.

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Process

Learning about Business Ethics

In this opening section of the webquest, we will look into what exactly business ethics means. We will learn the importance of the topic, and answer some questions on . Click on the link below to read more about business ethics. While reading, answer the questions listed below on a word document. Keep the word document open to answer questions throughout the webquest.



Comparing Codes of Ethics

Every company has a specific code of ethics for its employees to follow. This code of ethics provides guidelines for how the company expects its employees to act. It also gives employees a reference if they are ever faced with an ethical dilemma in the workplace.

In this section of the webquest, we will be looking at the code of ethics for various recognizable companies. This will give you a good idea of how companies expect their employees to behave, and what is normally included in a code of ethics.

Ethical Dilemmas



What is an ethical dilemma? An ethical dilemma is when a person is placed in a situation where there is a decision to be made between right and wrong. Some dilemmas can be easily resolved, while others are much harder and more complicated. In this section, we will be exploring different types of ethical dilemmas, both in and out of the workplace.

Click on the link below to look at different everyday ethical dilemmas. Read the dilemma of the day first, and then go into the archive and read about at least two more situations with your group. Discuss these scenarios and figure out what decision your group would make.

Creating Your Own Code of Ethics

Now that we have what a code of ethics looks like, and we have been asked to put ourselves in some ethical dilemmas, it is time for us to come up with our own code of ethics. Here is your chance to take the best from what you have found, and create a code of ethics you would feel comfortable following and would trust to help you if a difficult decision arose.



Creating Your Own Ethical Dilemma

This portion of the webquest is designed for extra credit. If your group can come up with an ethical dilemma to share with the class, you will receive bonus points. The dilemma must be original and creative in order to qualify for bonus.

Common Types of Ethical Issues within Organizations

Health and Safety

One area of ethical consideration for employers is how to balance expense control with the health and safety interests of employees. Manufacturing plants and other workplaces where employees use dangerous equipment or engage in physically demanding work should have strong safety standards that not only meet federal requirements, but that also make eliminating accidents a priority. Even standard office workplaces pose health risks to employees who are asked to sit or stand all day. Unfortunately, certain organizations opt to cut corners on safety controls, equipment and training to save money. This is both unethical and potentially damaging in the long run if major accidents occur.

Technology

Advancements in technology and the growth of the Internet in the early 21st century have produced a slew of ethical dilemmas for companies. Company leaders have to balance the privacy and freedom of workers while also maintaining standards that require that company technology use is for legitimate business purposes. Certain companies go so far as to monitor all online use and email communication from employee computers and work accounts. A company may have this right, but its leaders need to understand the potential concern about privacy and autonomy among employees.

Transparency

Prominent business and accounting scandals have made it imperative that companies operate with openness and transparency. For public corporations, this includes honest, accurate and complete reporting on mandated financial accounting reports. For large and small businesses, transparency includes communicating messages, including marketing messages, that aren't open to misinterpretation and that clearly represent the intentions of the company and its messages. Being caught in a lie or avoiding full disclosure may cause irreparable harm to small businesses.

Fair Working Conditions

Companies are generally expected to provide fair working conditions for their employees in the business environment, but being responsible with employee treatment typically means higher labor costs and resource utilization. Fair pay and benefits for work are more obvious elements of a fair workplace. Another important element is provision of a nondiscriminatory work environment, which again may have costs involved for diversity management and training.

Factors highlighting the importance of business ethics

1. **Long-term growth:** sustainability comes from an ethical long-term vision which takes into account all stakeholders. Smaller but sustainable profits long-term must be better than higher but riskier short-lived profits.
2. **Cost and risk reduction:** companies which recognise the importance of business ethics will need to spend less protecting themselves from internal and external behavioural risks, especially when supported by sound governance systems and independent research
3. **Anti-capitalist sentiment:** the financial crisis marked another blow for the credibility of capitalism, with resentment towards bank bailouts at the cost of fundamental rights such as education and healthcare.
4. **Limited resources:** the planet has finite resources but a growing population; without ethics, those resources are depleted for purely individual gain at huge cost both to current and future generations.

Characteristics of Business Ethics

(i) A Discipline:

Business ethics are the guiding principles of business function. It is the knowledge through which human behaviour is learnt in a business situation.

(ii) Ancient Concept:

Business ethics is an ancient concept. It has its origin with the development of human civilization.

(iii) Personal Dignity:

The principles of ethics develop the personal dignity. Many of the problems of ethics arise due to not giving dignity to individual. All the business decisions should be aimed by giving dignity to the customers, employees, distributors, shareholders and creditors, etc. otherwise they develop in immorality in the business conducts.

(iv) Related to Human Aspect:

Business ethics studies those activities, decisions and behaviours which are concerned with human aspect. It is the function of the business ethics to notify those decisions to customers, owners of business, government, society, competitors and others on good or bad, proper or improper conduct of business.

(v) Study of Goals and Means:

Business ethics is the study of goals and means for the rational selection of sacred objects and their fulfillment. It accepts the principles of "Pure goals inspire for pure means" and "Means justifies the end". It is essential that goals and means should be based on morals.

(vi) Different from Social Responsibility:

Social responsibility mainly relates to the policies and functions of an enterprise, whereas business ethics to the conduct and behaviour of businessmen. But it is a fact that social responsibility of business and its policies is influenced by the business ethics.

(vii) Greater than Law:

Although the law approves various social decisions, but the law is not greater than ethics. Law is usually related to the minimum control of social customs whereas ethics gives importance to individual and social welfare actions.

Conclusion

Ethics are the building block of our society and thus should be the building block of our corporations. Henry Kravis states, "If you build that foundation, both the moral and the ethical foundation, as well as the business foundation...then the building won't crumble." It is essential not to let greed cloud judgment. The colossal missteps taken by Enron and Arthur Andersen shall serve as a lesson for those that consider straying from the path of morality.

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