New Trends in Business Management

Business Ethics

Definition: According to Oxford Dictionary, Ethics means a science of morals, principles, rules of conduct or whole field of moral science.

According to Dr. C.B. Mamoria, Business ethics means businessmens's integrity so far as his conduct or behaviour is concerned in all the fields of business as well as towards the society and other business.

Thus Business Ethics mainly deals with relationship between business objectives and the needs of human beings.

Advantages /importance:-

A. Advantages to Businessman:-

1. Creation of good social image: - B.E. creates good social image as it makes them alert to social responsibility.
2. Support and co-operation: - The staff and the workers of the company give them support and full co-operation to their management. For preparing future plans and programmed of the company.
4. Smooth functioning of Business: - B.E. promotes smooth and orderly functioning of the enterprise.
5. Fair Business practices: - Good B.E. gives encouragement to businessmen to adopt fair business practices to protect and safeguard interest of consumer and the society.
6. Positive atmosphere at the work place: - Ethical policies can often help business to attract and retained high quality staff and create a positive atmosphere at the work place.
8. Cost reduction: - This can be results in cost reduction and quality improvement as there is commitment and contribution by all the employees.
9. Legality: - Businesses who are based on ethics are very less likely to run into legal difficulties. Law generally prohibits majority of unethical ways of performing business functions. Such companies who function ethically has likely to find in legal difficulties. For eg. Loss for corruption, loss for environmental practices etc.
10. Motivates employees: - Studies have proven that there is great staff motivation and retention in the company those who are following business ethics positively.
11. Boosting sales and earning higher profit: Ethical behaviour of the organisation can lead to higher sales and better higher profit.

12. Survival of the business: B.E. are more essential for the survival for any business. The company who do not follow ethical codes may enjoy short term success but they will fail in the long run.

B. Importance to the Employees:

1. Fair wages and monetary and non-monetary benefits: Ethical business pay fair wages on time. They understand their employees, their requirements and offer no. of monetary and non-monetary benefits which make their employees more comfortable.

2. Fair deal and justice: Ethical Business treat their employees in positive manner. They are just and fair to the employees. They don't spend lot of time looking for their own interest. They spent less time looking into the other person job. Due to ethics the employees spent more time on working for the organisation and get more opportunities like promotion, personal development etc.

3. Dignified treatment: Employees are treated with dignity which resist their morale and mental satisfaction.

4. Job security: Ethical business care for loss and act within the legal frame work as per law, employees age, gender, nationality, religion, genetic information, disability etc. are taken care by ethical business.

5. Employees are not force to act unethically: Employees are less likely to misuse the company's property. For e.g. Office supplies or making high claims on expenses for travel etc. Employees who act ethically do not take breaks or spent company's time and resources for personal activities because this may results into low productivity and profitability of the business.

C. Importance to the consumers and the society:

1. Avoidance of exploitation: B.E. helps the rights of the consumers which avoids the exploitation and helps to ensure safety and welfare of the consumers.

2. No need of protection from external agencies: B.E. followed all rules and principles which are in favour of the consumer. Thus, there is no need of protection of consumers from external agencies.

3. Consumers rights: Consumers have several rights such as right to health and safety, right to be informed, right to choose, right to be heard, right to redressed etc. Ethical business protects all this rights of the consumers.

4. Avoidance of mal practices: Due to B.E. various troublesome malpractices. For e.g. wrong measurement or policy measurement, misleading advertising, charging high prices, poor quality of product and services etc are avoided.
Business ethics is nothing but application of ethics in business. It is application of ethical ideas to business behaviour. Ethical business behaviour facilitates or provide and promotes good to society, improves profitability, fosters business relations and business productivity.

Unethical practices create problems to the businessmen and business units. The life and growth of a business unit depends upon the ethical practice of a businessmen. Therefore it is highly important in business. B.E. means the behaviour of businessmen while conducting a business by observing morality in his business activities.

According to B.O. Wheeler, B.E. is an art and science for maintaining harmonious relationship with society, its various groups and institutions as well as re-organizing the moral responsibility for the rightness and wrongness of business.

**Ethical principles for Business**

1) Beneficence:- The principle of beneficence guides the ethical theory to do what is good. This priority to ‘do good’ makes an ethical dilemma acceptable. This principle is also related to the principle of utility which states that we should attempt to generate the largest ratio of good over evil possible in the world. For e.g. doing good is found in the practice of medicine in which the health of an individual improves following the treatment administered by a physician.

2) Least Harm:- This principle states that a person should choose to do least harm possible and to do harm to the fewest people. For e.g. the physician’s primary duty is to provide helpful treatment to the patient rather than to inflict more suffering upon the patient.

3) Respect for Autonomy:- This principle states that an ethical theory should allow people to take control of themselves and thereby able to make decisions that apply to their lives. This means that people should have control over their lives as much as possible because they are the only people who completely understand their chosen type of lifestyle. Each person deserves respect because only he has had those exact life experiences and understands his emotions, motivations etc.

4) Justice:- This principle states that ethical theories should prescribe actions that are fair to those involved. This is meant that ethical decisions should be consistent with the ethical theory unless extenuating circumstances must contain a significant and vital difference from similar cases justify the inconsistent decision. An ethical decision that contains justice within it has a consistent logical basis that supports the decision. For e.g. a policeman is allowed to speed on the highway if he must arrive at the
scene of a crime as quickly as possible in order to prevent a person from getting hurt. Although the policeman would normally have to obey the speed in this unique situation because it is a justified under the extenuating circumstances.