

Ethics in Business

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Abstract

Ethics are an integral part of a company's long-term success. It is defined as the set of moral values or principles. Ethics are defined as the process of distinguishing the right and good from the wrong or bad, and they imply a moral duty to pursue the good and right. Over the past decades, we have seen that ethics have become integral part of the business world. Ethics are more than anything is important in the scrutiny business. Business ethics is the form of applied principles or morals that are integral part of business to run the business on long term. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations. Nowadays in the era of economic relations and international trade business ethics plays a very important role. Ethics involve learning of what is right or wrong and then choosing the right over wrong to make you organization successful and run longer. Rules and regulations on ethics and behavior are basic values to achieve goal of company in the community.

Keywords: Hammurabi code, business and ethics, stakeholders

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INTRODUCTION

According to Hammurabi code about some 4,000 years ago, business ethics is a social science, whose main aim is to define and examine the responsibilities of businesses and their agents, to examine ethical principles and morals, ethical problems that arise in the business. The research tells you about the importance of ethics in business, the rationale behind business ethics and the increasing importance of ethics in business. Ethics in business are the set of codes which serve as a means of protection from the possible infringements of moral codes as a result from the general activities and responsibilities of a firm to its stakeholders, (e.g., generating profits for shareholders and taxes to the government) [1]. This paper will briefly explain the foundations and the growing importance of business ethics in today's economy. Finally, it will describe several contemporary issues of business ethics.

The Rationale Behind Business Ethics

Business ethics is the good or bad behavior companies carry on their business. It shows that a business should run successfully and with responsibilities rather than just seeking out the profit and economic gains. In its simple

way, business ethics represents the meeting point between ethics and business, where business decisions and their implementation are evaluated in terms of the "right" (moral) and "wrong" (immoral). However, ethical decision-making is far from being simple, as it involves much greater complexity [2]. The main reason for this confusion is not only the themes of business ethics but the difficulty to relevance the importance of business in ethics. For example, corporate governance standards are closely related to ethics, but the weight of the latter in the spectrum of this field (which also involves financial, legal and other issues) is not always clear, especially when ethical standards collide with other customs.

Thus, it is better to define business ethics through the types of responsibilities it does and does not deal with. That is, instead of suggesting "the best one way" for, e.g., corporate governance, the business ethics school will emphasize the moral underpinnings of the matter and will support the decisions and actions only from those perspectives. Finally, ethics differ from law by the sense that not everything that is legal is also moral. For instance, although it is legal for a company to pollute to environment to

some extent, many would argue that pollution is inherently immoral and hence unethical [3, 4].

The Growing Importance of Business Ethics

Ethics have become an organizational priority. Many organizations are aware of the critical need for ethics. No matter how cleverly done, hurting others for personal gain is unacceptable and against the moral values. However, this interest in business ethics has grown significantly during the 20th century, reaching a peak today due to several main reasons: First and foremost is the unique role of corporations in the modern society. This form of business, whose economic and social power may be immense and involves numerous stakeholders, motivated further thinking regarding the means in which possible negative influence of corporations can be restricted [5]. Second, a wave of corporate scandals, involving cases of fraud, negligence and immoral marketing methods has increased the attention to companies' internal affairs, in particular their agents. This was due to the explosions of scandals such as; Enron and WorldCom as well as a growing interest in corporate affairs in Hollywood, leading to blockbusters such as; Wall Street, Quiz Show, The Insider and Jerry Maguire.

Main Issues in Business Ethics

Some of the main issues that occupy business ethics scholars are:

- **Social Responsibility:** Social responsibility and business ethics are often regarded as the same concepts. However, social responsibility is one of the parts of business ethics. It suggests that an entity, be it an organization or individual, has an obligation to act for the benefit of society at large and for long term.
- **Individual Ethical Behavior:** Decision-making of the firm's agents should be examined in the light of ethical standards, regardless of the firm's stated policies. For example, a company may have very high marketing ethics standards, but the latter become obsolete when individual salespersons engage in ethically questionable behavior [4, 5].
- **Long Term Growth:** large profits are always attractive, allowing loyal mode of achievement, a greater provision against risk and a greater sense of success and stability.
- **Cost and Risk Reduction:** Most product substitutes are available in market and will reduce cost and the risk of fraud. Now most product come with at least one year warranty and in case of the car manufacture they are up to five years. Reduced cost has led to most reliable product.

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