

# The basic principles and components of Business ethics

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## ABSTRACT

*The present paper provides the brief information on the components and principles of Business ethics, this has been one of the important parameter in any organization. The business ethics are the basic principles and practices of the business which needs to be considered.*

**Keywords:** *Business, Ethics, Management, Organization*

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## 1. INTRODUCTION

Business ethics is the study of proper business policies of many practices. It has potentially controversial and sensitive issues. Ethics is the set of all moral principles by which people conduct themselves personally, socially, and professionally too. There are some laws about how a business should conduct itself. A business needs responsible decisions. The sensitive field of business ethics concerns many questions like Is the business is acceptable? Business ethics are so controversial that there is no universally accepted approach for resolving ethical issues. The suggestions and valuable comments play a critical role in the judgment of the ethical decisions of a business [1,2]. Any respected organization should adhere to solve problems that arise in the business environment while performing their daily activities, it's up to them whether their dealing is with a large business organization or with a single customer. It is applied and suitable for all aspects of business in the business environment. The business ethics are planned and bound by the effective management process in organization. This management process includes risk assessment, managerial management system, structuring of organization etc [3,4].

## 2. EXPLANATION OF BUSINESS ETHICS

Business ethics ensures that a certain basic level of trust exists between consumers and various forms of market participants with different businesses. The concept of business ethics began in the 1960s as corporations became more aware of a rising consumer-based society that showed concerns regarding the environment, the social issues, the social causes, and most important the responsibility of the corporate. Hallmark of the decade was because of so-called social causes and social issues. With time, the concept of the ethics of business evolved. It has gone beyond a moral code of right and wrong as it attempts to reconcile. Companies must do legal businesses. Business ethics are meant to ensure a certain level of trust between consumers and corporations. It gives the guarantee to the public fair and equal treatment [5,6].

## 3. PRINCIPLES COMPONENTS OF ETHICS

The principles and components can be cited below which are listed based on the literatures available [5-8].

- 3.1. Ethics are principles, values and they define what is right and wrong behaviour.
- 3.2. Ethics are stated by the law, custom, and public opinion.
- 3.3. Ethical behaviour may differ from society to society.

- 3.4. Ethical standards are ideal for human conduct.
- 3.5. There is no accurate definition of ethical standards.

#### **4. CHARACTERISTICS OF BUSINESS ETHICS**

- 4.1. Business ethics are truly based on social values as the generally accepted norms of good or bad and right and wrong practices.
- 4.2. Business ethics is based on social customs, traditions, standards, and all other attributes.
- 4.3. Business ethics may determine the way and means for better and optimum business performance.
- 4.4. Business ethics provide basic guidelines and parameters towards most appropriate perfections in business scenarios.
- 4.5. Business ethics may be an ' Art ' as well as ' Science' also.
- 4.6. Business ethics is to motivate the views of the customer.
- 4.7. Business ethics shows better ways for most excellence in customization.
- 4.8. Business ethics aims to emphasize more on the social responsibility of business towards society.

#### **5. ELEMENTS OF BUSINESS ETHICS**

- 5.1. A formal code of conduct to reflect the management's desire to incorporate the values and policies of the organization.
- 5.2. Ethics Committee is formed at board level and management committee these committees evaluate the compliance of the organization with standards [8-10].
- 5.3. An ethical communication system helps the employees in making inquiries and getting advice if needed.
- 5.4. The job of an Ethical officer is to communicate and implement policies and develop a reputation for credibility, integrity, honesty, and the most important responsibility.
- 5.5. Ethics training program to understand the ethical issues that are likely to arise in their workplace.
- 5.6. A disciplinary system is also important to supervise all the works.
- 5.7. An ombudsperson is responsible to help coordinate the development of policies and procedures to institutionalize moral values in the workplace.
- 5.8. Surveys are important to make an ethical program.

#### **6. PRINCIPLES OF BUSINESS ETHICS**

- 6.1. Conscience:-This is based on the inner feeling of a person to detect wrong or right. On the basis, the businessmen can determine different roles and behaviour at their levels.
- 6.2. Wish-less Work:-There is no need to perform all the tasks to be self-centred or to be self-interest. Accordingly, we should perform all the roles and behaviour of another person's for their esteemed interest. We'd be devoted to our efforts to do the work for others.

- 6.3. **Publicity:**-All activities should be well informed to every person attached in business. It aims to remove the doubtfulness and misunderstanding among people.
- 6.4. **Esprit:**-All activities should be based on values and service motive in business. Businessmen should give due attention to make the best possible services and try to develop a feeling of devotion and truthfulness in services.
- 6.5. **Purity:**-Politeness, truthfulness are the ways to mental peace and purity. It is most needful that every businessman should follow.
- 6.6. **Humanity:**-Respect human moral values, decorum, aspects in their policies, programs, and different working areas. It is needful that every businessman should follow human values and determine the path of humanity.
- 6.7. **Transparency:**-Transaction should be well informed in a justified manner with their different stakeholders and society.
- 6.8. **Liking in expectations:**-In order to establish the ethical norms and conduct in business, it is required to follow all these good and acceptable behaviour by businessmen. They must give and perform some excellent examples as per the expectations of others.
- 6.9. **Due process:**-All the persons and different employees, as engaged in business are required to involve in the decision-making process and different important tasks. Businessmen should follow a reasonable and justified working process in their organization.
- 6.1.1. **Coordinates Ends and Means:**-The businessmen should try to make a coordinating or balancing form between their ends and means within their work performance and it's allied activities. They should develop their ventures within the limitations of resources and capacities.
- 6.1.2. **Satisfaction:**- Every businessman is required to create and develop their role and behaviour to establish pleasure and happiness with the other person and the society at large. Fore mostly, in business as per their products and services, the customer should be satisfied at every stage.
- 6.1.3. **Cooperation with others:**-Ethical norms motivate the feeling of collaboration and team spirit. It is required that based on capacity and available resources, the businessman should make full cooperation with different other persons as per their good conduct and value-based behaviour.
- 6.1.4. **Non - Cooperation in evils:**- It is needful that businessmen should try to make non - cooperation or discourage the evils, misconduct, and unethical behaviour not only with different customers but with the society also.
- 6.1.5. **Communicability:**- According to this principle, there is a need to make effective means of communication with the internal and external persons as engaged with business houses. The communication should be in clear, open, and in a justified manner.
- 6.1.6. **Rationality:**- Based on the ethical code of conduct, every businessman should analyze and self evaluate the good or bad, right or wrong, ethical or unethical aspects within their business transaction and day to day working of the business houses. They must follow the rational attitudes and behaviour also.
- 6.1.7. **Commitment:**- According to this principle, every businessman should be able to fulfill their commitments and assurance as given to other people. The implementation of commitment should be based on honesty and responsiveness too.
- 6.1.8. **Universal Values:**- It is required that every businessman should conduct and perform the task and different business activities to be based on universal assumptions, custom, and overall accepted norms and Principles by society.

## 7. TYPES OF BUSINESS ETHICS

7.1. Meta-Ethics:- It is the study of origin and meaning of ethical concepts. It is the branch of analytic philosophy that explores the status, foundation, and scope of moral values, properties, and words. Whereas the field of applied ethics and normative theory focus on what is moral, Metaethics focuses on what morality itself is.

7.2. Descriptive Ethics:- It is the study of morals of a society describing how people behave. It is the form of empirical research into the attitudes of individuals or groups of people. Those working on descriptive ethics aim to uncover people's beliefs about such things as values, which actions are right and wrong, and which characteristics of moral agents are virtuous.

7.3. Normative Ethics:- It is the study of principles, rules, and theories that guide our actions and judgments. It is the branch of moral philosophy, or ethics, concerned with criteria of what is morally right and wrong. It includes the formulation of moral rules that have direct implications for what human actions, institutions, and ways of life should be like. It is typically contrasted with theoretical ethics, or met ethics, which is concerned with the nature rather than the content of ethical theories and moral judgments, and applied ethics, or the application of normative ethics to practical problems.

7.4. Applied Ethics:- It is the study of the analysis of specific, controversial, and moral issues like abortion, animal rights. The practical application of moral consideration. It is ethics concerning real-world actions and their moral consideration in the areas of private and public life, the professions, health, technology, law, and leadership, etc.

## 8. IMPORTANCE OF BUSINESS ETHICS

8.1. It controls business malpractice, any unfair means of business is controlled like illegal importation and exportation is also a kind of business.

8.2. Better relationships with employees when a business is running the bonding between colleagues should be very strong. The head should trust his / her employees.

8.3. Improve customer satisfaction, if the customer gets his / her desire fulfilled, then he can act as a station which will spread and automatically advertise the policies.

8.4. Better decision making, if heads and officials are good at pointing, good at imagining then they will make the best decision for the company and also develop the company's policies.

8.5. The protection of society is the most important thing because society plays a vital role in business ethics.

8.6. Survival of new business, it is only possible when the person is optimistic and brave.

8.7. Safeguarding consumer rights, these are rights for consumer and every consumer should know them very well.

8.8. It creates a good image and it enhances the reputation of the businessman. This leads to great success in the field of business.

8.9. The smooth functioning of all elements is mandatory. If it is not one will not get the desired outcome.

8.10. Consumer movement and flexibility also leads to great and successful trading.

8.11. Importance and the crucial role of labour. Labour plays the most important role they are the backbone of any business. Skilled labour is the reason why a specific business is trusted in the market.

8.12. Healthy competition between all the participants, all the people who are in the field of business must follow this for a smooth and pure business.

8.13. Designing the disaster management process to act efficiently when unavoidable circumstances occur [11].

## 9. CONCLUSION

Without business ethics and ethical standards no matter how small or big business, it can't withstand generosity of time, market situation, and its customers. Proper knowledge of business ethics is important that what is business ethics, why business ethic is implemented, why it is important.

Ethics are supporting pillars on whose foundation the integrity, stability, and prosperity of business stand tall and upright with dignity. Business Ethics are set of all laws which help to run the business in the right manner.

Higher these standards stronger the ethics and the support will be so rigid. Ethics term has one more term ethical standards this term has no precise definition but ethical standards play an important role in business ethics. As business ethics is directly related to all the sensitive, controversial, moral values in which people conduct themselves personally, socially, and professionally too.

A business must never underestimate or just taken for granted if it wants to grow and to survive it should face competition and complicated economies of the contemporary world. Although there are laws about how a business should conduct itself and business needs responsible decision. All these are important but the mind which can adjust and take a flawless decision is more important because the ability is tested in every step of business ethics.

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