

CHRISTIAN EMINENT COLLEGE, INDORE

(Academy of Management, Professional Education and Research)
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E-Content

On

“Business Ethics”

21th June 2022

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Business ethics is the study of appropriate business policies and practices regarding potentially controversial subjects including corporate governance, insider trading, bribery, discrimination, corporate social responsibility, and fiduciary responsibilities.



Business Ethics studies how to deal with corporate governance, whistle blowing, corporate culture, and corporate social responsibility. It emphasizes standard principles prescribed by governing bodies. Non-compliance with business ethics leads to unnecessary legal actions.

The discipline also emphasizes a code of conduct; a set of unwritten rules which are not legally enforceable. There is a lot of fine print

when it comes to ever-changing corporate regulations. Business ethics, therefore, educates businessmen and employees about ethical procedures and penalties for non-compliance.

Business Ethics Explained

Business ethics ascertain social, cultural, legal, and other economic limitations and safeguard the interest of parties involved. Further, it emphasizes moral and social values like consumer protection, welfare, fair business practices, and service to society.



Principles of Business Ethics

The fundamental principles of business ethics are as follows:

Business Ethics



Types of Business Ethics



1. **Corporate Responsibility:** The organization works as a separate legal entity with certain moral and ethical obligations. Such ethics safeguard the interest of all the internal and external parties associated with the firm. This includes the employees, customers, and
2. **Social Responsibility:** Making profits should not be at the cost of society. Therefore, corporate social responsibilities (CSR) have been a common practice where businesses work towards environmental protection, social causes, and spreading awareness.
3. **Personal Responsibility:** Employees are expected to act responsibly with honesty, diligence, punctuality, and willingness to perform expected duties. Individuals should settle dues in time and avoid criminal acts.
4. **Technology Ethics:** In the 21st century, companies have adopted e-commerce practices. Technology ethics includes customer-privacy, personal information, and intellectual property fair practices.
5. **Fairness:** Favouritism is highly unethical. Every individual possesses certain personal bias. But at the workplace, personal beliefs and biases should not affect decision-making. The firm has to ensure fair chances of growth and promotion for all.
6. **Trustworthiness and Transparency:** Businesses should maintain transparency in business practices and financial reports.

Challenges

Educating employees on their ethical code of conduct is a huge challenge. Unlike personal ethics, corporate rules and regulations are complex. Non-compliance may not affect an employee much, but the firm could suffer huge losses. In large firms, it is a tedious task; there is less direct communication. Emails do not succeed in conveying the intended message accurately. If the corporate ideology is not well-communicated to the workers, there are chances of non-compliance. One simple mistake by one employee could tarnish the brand image of a huge entity.

Moral compliance, bribes, sexual harassment, and a toxic atmosphere are the common challenges faced by firms. But, there is the other extreme too. Stringent rules drafted in the name of ethics interfere with the growth and profitability of businesses. On top of all the philanthropy and welfare, firms need to turn a profit. Without profits, businesses can't pay their employees.