

Significance of Ethical and Moral Standards in Trade and Business

Pathange Rajitha*

Government Degree College for Women, Nampally, Hyderabad, Telangana, India.

ABSTRACT

Sustainable economic growth is not only the ultimate goal of business corporations but also the primary target of a local government and regional and global economies. One of the cornerstones of sustainable economic growth is ethics. Ethical leaders and employees have great potential to influence decisions and behaviors that lead to sustainability positively. Ethical behavior, therefore, is expected of everyone in the modern workplace. This paper argues that ethics in the business is the most important sector in leading to profits and success. An organization needs to be driven by strong ethical values, not only profit.

Keywords: Business Ethics, Ethical Leaders, Profit & sustainability, Work Place.

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INTRODUCTION

Ethics is at their essence, moral judgment about what is right and what is wrong. Ethics is decided upon and formed by each company in a business sense. Employees must decide what they think is the right course of action because individuals' action within the company affects the entire company, not just the individual. When an employee acts ethically and responsibly, it helps the entire organization's development. Thus, business ethics is more than just words used to enhance the corporation's image. It is the foundation for success and business ethics should be applied when a firm opens its doors.

However, the goal of maximizing profits is often in conflict with ethics. Because the main purpose of business is to maximize profits for its owners or its shareholders and only activities which increase profits are encouraged as this is the only way that companies survive. Whereas customers always have an interest in paying low price for a good or service. Therefore, some questions are raised should business people forsake ethics to achieve profit? Can they achieve profit with ethics in business? Why should business organizations be concerned with ethics? This paper attempts to respond to these questions with particular attention to business ethics.

Corresponding Author: P. Rajitha, Government Degree College for Women, Nampally, Hyderabad, Telangana, India., e-mail: katarayp@gmail.com

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Require Employees to sign a non-disclosure Agreement: Employees should sign a non-disclosure agreement before they start working with any sensitive information. To create an effective deterrent, specify that violating agreements will result in severe penalties. Strive to create a meritocracy where you reward employees according to performance.

What is Business Ethics?

The term business Ethics represents a combination of two very familiar words "Business" and "Ethics". The word Business is usually used to mean "any organization whose objective is to provide goods or services for profit" (Show & Barry 1995). The word Ethics refers to "what humans are to do, usually in terms of rights, obligations, benefits to society, fairness or specific virtues. "E" also means a continuous effort of studying our own moral beliefs and our moral conduct, striving

to ensure that we, the institutions help to shape, live up standards that are responsible and solidly-based.

Business Ethics considers the ethical relationship between "Business" and "consumers" between "Business" and their "Employees". It also considers the impact of globalization on the environment and on society at large. As Wikipedia, the encyclopedia, says, "Business 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 & entire organisations."

According to Kirk Hanson, a renowned ethics expert who also doubles as the executive director of the Markkula centre for applied ethics "Business ethics is the study of the standards of business behavior which promote human welfare and the good."

As in understanding Business Ethics (Peter A and Sarah D. Slanwick, 2008), it is said that "Business Ethics is the study of business situations, activities, and decisions where issues of rights and wrong are addressed."

According to Garret, "Ethics is the science of judging specifically human ends and the relationship of means to those ends. In some way, it is also the art of controlling means so that they will serve specifically human ends."

Objectives of the Study

- To discuss about significance of ethics in business management.
- To discuss about Ethical issues in business.
- To discuss about tactics to avoid Ethical issues in business.

RESEARCH METHODOLOGY

The study is purely descriptive in nature and the core objective of the study is to know the significance of Ethics in business management. The study is mainly based on the secondary source in the form of various research papers, websites, textbooks and e-books. Given the objective nature, the researcher has gathered secondary data from different sources.

Eminent Review

Dr Md Abdul Jalil (2010) in his article "implementation mechanism of ethics in business organisations" has analyzed that, it is significant to have a code of business Ethics for each company and the corporate managers must adopt appropriate means to implement the contents of that code of business ethics. There should be adequate emphasis on implementing the code of

business ethics in business organizations. Having a proper code of business ethics and undertaking an effective method of implementing business ethics can ensure success in the business organization and its society. Proper implementation of business Ethics can ensure the satisfaction of all stock stakeholders of a business organization. It is the ultimate desire of all stakeholders of business organization that it will implement its code of business ethics in the true sense. Future research may be conducted on this area as this is a significant area of business environment.

It is widely believed that businesses Ethics are essential for today's managers. As Jamuna (2020) claims "managers face ethical issues at work every day. It is rare for their decision not to concern the ethical aspects". There are various dimensions of business ethics in literature, but the vast majority of them focus on the moral acceptance of the actions undertaken by the manager and employees of the organization. Generally, it can be stated that business ethics explores and uses moral values, principles and standards that define and control the behavior of participants in business at all levels of economic life.

Ranjeet Kumar Paswan (2012), in his article "Role of ethics in modern business: an important key aspect of concern has analyzed that, the survival of any business requires two things. On the one hand, it must go in line with profit maximum, and on the other hand it must satisfy the stakeholders. Within the parameters of stakeholders, society can be considered one important among them. Ethical considerations are as important in modern business practices. In the field of morality, personal life is not separate from business life. The social dimensions of business Ethics cannot be overlooked because many problems arise from the relationship of business to the broader society. Business needs to remain ethical for its good. Unethical actions and decisions may yield results only in the very short run. To survive, long-term business requires to conduct it ethically on ethical lines.

Significance of Ethics in Business Management

- *Ethics Lays the Strategic Decision-making:* leaders and workers of business characterized by ethical behavior make socially acceptable decisions. They allow all the stakeholders to participate in the decision-making process.
- *An Ethical Business Attracts Investors:* A business that promotes ethics in its management and operations create an investment-friendly environment. Investors like putting their money where they are sure it is safe.

- *Good Business Ethics is the Key to Enhance Productivity:* People will work harder at their jobs if they believe that what they are doing is ethical. They will not be held back by moral values, and they may feel extra motivated to work because they feel that they are making the world a better place. So, if you want to make a normal profit rise and rise until you make big bucks, you need to keep your business ethical.
 - *Ethics Reduces Business Risks and Increases Business Profits:* Trust and loyalty are built on ethics; chances of losing potential customers, suppliers, employees and even the companies themselves are minimal. The decrease in risks and costs means that the output is likely higher than the input. Hence, the company makes a profit.
 - *Ethics Create Customer Loyalty:* A reputation built on good ethics helps create a positive image in the marketplace. In turn, it makes customers trust your products and services. They also pass information to their friends and family, creating more customers for you.
 - *Ethics Increases Retention and Boosts Employees' Morale:* Employees always want to stay longer in a business where the employers value their rights and opinions. To them, their basic needs are satisfied. Good business ethics involves rewarding employees .when an employee is rewarded, he/she works harder, leading to more profits. An ethical working environment provides equal work opportunities to all employees. It is free of gender- inequality, and discrimination of any sort. Candidates are promoted solely based on their merit.
 - *Ethics promote Corporate Governance in an Organization:* Good corporate governance ensures that the company works according to the prescribed rules and regulations. The company's statement of affairs is transparently reported to its stakeholders such as shareholders, management, creditors, and the government.
- discrimination can occur at the business of all sizes. It applies to any action that causes an employee to receive unequal treatment.
- Discrimination is not just unethical; it is also illegal in many cases. There are statutes to protect employees from discrimination based on age, gender, race, religion, disability, etc. Non-ethnic, the gender and race pay gaps show that discrimination is still rampant. Other common instances of discrimination include firing employees when they reach a certain age or giving fewer promotions to people of ethnic minorities.
- *Harassment:* The second major ethical issue businesses face is harassment, which is often related to racism or sexism. It can come in the form of verbal abuse, sexual abuse, teasing, racial slurs, or bullying. Harassment can come from anyone in the company and from customers. In particular, it is an ethical issue for the business if a supervisor is aware of harassment from a client and takes no action to prevent it. In addition to causing a toxic workplace, harassment can cause employees to leave the company prematurely, a second reason why some businesses lack diversity. Harassment can have a long-term impact on employees: psychologically and earnings and even impact a person's entire career path.
 - *Unethical Accounting:* Publicly traded companies may engage in unethical accounting to appear more profitable than they are. In other cases, an accountant or bookkeeper may change records to skim off the top.
 - *Health and Safety:* Another type of ethical issue, often protected by law, is health and safety. Companies may decide to cut corners to reduce costs or perform tasks faster. As well as injuries, failing to take worker's safety into account can lead to psychosocial risks (like job insecurity or lack of autonomy), which can cause work-related stress.
 - *Abuse of Leadership Authority:* Abuse of power often manifests as harassment or discrimination. However, those in a leadership role can also use their authority to pressure employees to skip over some aspects of the proper procedure to save time (potentially putting the employee at risk), punish workers who cannot meet unreasonable goals, or ask for inappropriate favors. In addition, abuse of authority can extend beyond the workforce. Managers can use their position to change reports, give themselves credit for the work of a subordinate, misuse expenses and accept gifts from suppliers or clients.

Types of Ethical Issues in Business

If you are to run an ethical business, you first need to know what types of issues you can expect to face and may need to overcome.

- *Discrimination:* One of the biggest ethical issues affecting the business world in 2020 is discrimination. Many corporations have come under fire in the last few months for lacking a diverse workforce. Which is often down to discrimination? However,



- *Neptotism and Favoritism:* Neptotism is when a company hires someone to be a family member. Favoritism occurs when a manager treats an employee better than other workers for personal reasons.

Neptotism and favoritism are unfair, but they are also disheartening to employees. Workers often have to work much harder to receive a promotion or other rewards.

Tactics to Avoid Ethical Issues in Business

There are a few key tactics that every business owner needs to implement.

Create Company Policies: Ensure employees read company policies when they start working at your business. Include both a privacy policy and a social media policy. The first should tell workers what computer activity and other information you will be able to access; the second should lay out how you expect employees to behave publicly on social media.

Monitor only Pertinent Information on Laptops and Other Devices: It may be necessary to track employee activity to some extent (particularly if you are concerned that workers are spending too much work time on personal activities, which, in itself, can be unethical behavior). However, you don't want to go overboard and create a culture of distrust.

Provide Ongoing Training: This should cover aspects like harassment prevention. It's worth seeking outside support for this from a reputable agency or professional, as low-quality training can even worsen some problems.

Require Employees to Sign a Non-disclosure Agreement: Employees should sign a non-disclosure agreement before they start working with any sensitive information. To create an effective deterrent, specify that violating agreements will result in creating a meritocracy where you reward employee recording to performance

Take an Active Role in Daily Activities: Become as involved as you are in the day-to-day activities at your company. This could help you detect harassment early and prevent theft, whether monitory or company materials.

Double Check Your Books Regularly: You will notice if anyone is stealing from you by checking your books regularly. To detect theft, you will need to decide whether firing the employees is enough or if it's also necessary to report the crime to law enforcement.

CONCLUSION

It is very important to apply ethics in business. Because the business can be successful by getting trust from customers, vendors, suppliers, shareholders and others.

Business Ethics are essential as they keep business persons operating in a moral pedestal and laws that give them the internal satisfaction yet increase sales because many people like to deal with an honest business.

Since the relevance of business Ethics cannot be downgraded in today's business world. It is highly recommended that business organizations embrace ethical practices. Businesses should handle ethical issues such as discrimination and equal opportunities in the workplace in a possible manner. So, good business ethics should be practiced by all businessmen. Because they can lead successfully in business, people will trust the business trade that Individuals, companies, or organizations provide.

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