

# **SARIYA COLLEGE, SURIYA**

## **DEPT. OF COMMERCE**

**ICT Teaching-Learning Centre**

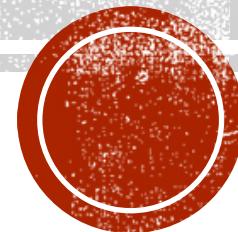
**Paper Name- Business Organization and Management**

**Topic: Business Ethics**

**For Students of FYUGP Commerce Sem. I (Minor Paper)**

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The term business ethics refers to the system of moral principles and rules of conduct applied to business. That there should be business ethics means that the business should be conducted according to certain self-recognised moral standards. Business, being a social organ, shall not conduct itself in a way determinantal to the interests of society and the business sector itself. A profession is bound by certain ethical principles and rules of conduct which reflect its responsibility, authority and dignity. The professionalisation of business management should, therefore, be reflected in the increasing acceptance of business ethics.

There is, however, no unanimity of opinion on what constitutes business ethics. In this connection, Peter Drucker very appropriately remarks, "*There neither is a separate ethics of business, nor is one needed.*" For "*men and women do not acquire exemption from ordinary rules of personal behaviour because of their work or job. Nor, however, do they cease to be human beings when appointed vice-president, city manager, or college dean. And there have always been a number of people who cheat, steal, lie, bribe or take bribes. The problem is one of moral values and moral education of the individual, of the family, of the school.*"



The most important professional ethics is expressed by the Hippocratic oath of the Greek physician: Premium non nocere ("Not knowingly do harm"). This dictum implies that a professional should carefully evaluate his decision and ensure that his action will not produce negative effects. Thus, this code rules out all anti-social business practices.

Business Ethics, therefore, represents rules for moral behaviour and conduct of individuals or group of individuals carrying on the business. To Quote Wheeler, "Business ethics are an art and science of maintaining a proper harmonious relationship with society, its various groups and institutions as well as recognising the moral responsibility for the rightness or wrongness of business conduct."

We may, however, list the important ethical principles that a business should follow

- (i) Do not deceive or cheat customers by selling substandard or defective products, by under measurement or by any other means;
- (ii) Do not destroy or distort competition;
- (iii) Do not tarnish the image of competitors by unfair practices;
- (iv) Do not resort to hoarding, black-marketing or profiteering;
- (v) Pay taxes and discharge other obligations promptly;



- (vi) Refrain from secret kickbacks or payoffs to customers, suppliers, administrators, politician etc;
- (vii) Do not form cartel agreements, even informal, to control production price, etc., to the common detriment;
- (viii) Ensure sincerity and accuracy in advertising, labelling and packaging;
- (ix) Ensure payment of fair wages to and fair treatment of employees; and
- (x) Make accurate business records available to all authorised persons.

**Concept:** The field of ethics may be conceived as a discipline, science, study of evaluation.

**Elements of Business Ethics:** The following are the essential elements of business ethics:

- (i) Business ethics is an umbrella term which covers all business practices which are desirable from the point of view of the society.
- (ii) Business ethics emphasize making a businessman honest, just and responsible citizen.
- (iii) Ethics aim at perfection in the conduct of life. It guides the law makers to have perfect rules for all human behaviour,
- (iv) The concept of equity is implied in ethics. It aim at fair and just treatment to all,
- (v) Business ethics creates self-maintained discipline on the part of businessman.



# ELEMENTS OF BUSINESS ETHICS-AT A GLANCE

1	<b>High business values</b>
2	Ethical evaluation of management decisions
3	Adoption of fair means to achieve objectives
4	Ethical co-operation
5	Keeping promises and discharging social responsibilities.



Business ethics are just an extension of the general concept of ethics. Business ethics are moral principles which must govern the conduct of business enterprises and guide businessman as to whether their decisions and actions are right or wrong –in terms of the welfare of the society.



# THE NATION OF BUSINESS ETHICS AFFECTING SOCIAL WELFARE



# SIGNIFICANCE OF BUSINESS ETHICS

Business ethics have gained importance for the business because of the following reasons:

- (i) Business is a part of the society. Social values must become the guiding principles for doing business.
- (ii) When a business fails to behave in accordance with the society's expectations, it may lose its image, and its very right to exist.
- (iii) A businessman is expected to serve as trustee of various groups such as workers, customers and suppliers etc. As such, he must obey the social norms and expectations.
- (iv) Various laws reflect the ethics of the society. If a trade is not ethical, it will certainly attract the intervention of the law.
- (v) Consumers are no longer at the mercy of the business firms. They have formed various business organisations to discipline the business. To avoid confrontation with the consumer's, it is advisable for the business to follow the ethical practices.



# SOCIAL VALUES AND BUSINESS ETHICS

Social values in relation to business activities are:

- (i) What are the features of a good business?
- (ii) What objectives are necessary for purchasing business?
- (iii) How a businessman should conduct his activities in the interest of society?

More principles like code of conduct or behaviour of people in society may be called social ethics. These moral principles should govern business activities in relation to society. In the long run the success of business depends on fair and honest dealings with the public and adopting practices which are beneficial to society.

