

Business Ethics For The Modern Man Understanding How Ethics Fits Into The Business Place By: Franco Tremain Smashwords Edition Business Ethics For The Modern Man Understanding How Ethics Fits Into The Business Place By: Franco Tremain Smashwords Edition Table of Contents Publishers Notes Dedication Introduction to Business Ethics Chapter 1 What Is Business Ethics? Chapter 2 Why Is Business Ethics Important? Chapter 3 How Business Ethics Applies To the Large Company versus the Small Company Chapter 4 How to Evaluate Business Ethics Chapter 5 Using Business Ethics to Make Decisions Chapter 6 How Government Regulation Affects Business Ethics Chapter 7 How Business Ethics Affects the Consumer About The Author Publishers Notes Disclaimer This publication is intended to provide helpful and informative material. It is not intended to diagnose, treat, cure, or prevent any health problem or condition, nor is intended to replace the advice of a physician. No action should be taken solely on the contents of this book. Always consult your physician or qualified health-care professional on any matters regarding your health and before adopting any suggestions in this book or drawing inferences from it. The author and publisher specifically disclaim all responsibility for any liability, loss or risk, personal or otherwise, which is incurred as a consequence, directly or indirectly, from the use or application of any contents of this book. Any and all product names referenced within this book are the trademarks of their respective owners. None of these owners have sponsored, authorized, endorsed, or approved this book. Always read all information provided by the manufacturers' product labels before using their products. The author and publisher are not responsible for claims made by manufacturers. Copyright 2013 Manufactured in the United States of America Dedication This book is dedicated to those who support the principles of business ethics. Introduction to Business Ethics The main role that business ethics plays is to enable a company to hold not only itself but the employees as well accountable for anything that affects another. This applies to both external and internal behavior. This practice keeps the professionals and businesses aware of what their actions can cause and makes them more responsible in the long run. This form of ethics can apply to all aspects of business and can have a serious impact on a way that the company is structured. A major role that business ethics plays is to deal with the behavior that is not governed by governmental laws. There are quite a number of actions that, though they are legal, also have negative effects on a number of groups such as other groups that will be affected by the company's actions, persons in the community and employees. When there is a code of conduct in place, the business is better able to control its behavior and ensure that everything is appropriate. The thing to bear in mind is that the rules which govern what is acceptable in the business world are constantly changing. Another aspect that business ethics covers is to show what the current behavioral norms are. There are certain actions that were acceptable now that might not have been acceptable in the past and so on. Apart from guaranteeing that the company has a certain response to certain things, business ethics also keep the company honest. Though there are a number of unethical practices that are not considered illegal, they can cause a company to commit unlawful practices in the long run. When there is a code of ethics in place, the employees are mandated to remain honest and avoid committing any illegal practices. The overall success of a company will be dependent on the strength of their business ethics. When there is a level of sensitivity toward others, the industry and community at large will have a better view of the company. When a company is ethical, it

inspires loyalty and trust and also helps promote their services and products. Business ethics also helps to guarantee that the power that a company has in the industry is used correctly. Once a business starts expanding, it can cause an increase in the instances of corrupt practices. At times it can destroy or hide the valuable aspect of a particular community. When there is good code of conduct in place, the company can strive to correct any problems that it may have caused and improve its overall image in the community. The shareholders in a community are not excluded from the laws that govern business ethics. During the decision making process, the company with great ethical practices will bear the individuals that have a share in the business in mind and think how that decision will affect them. Though the company can do what it needs to for its advancement it is morally right to think of the ones that support it.

Chapter 1 What Is Business Ethics?

A simple definition describes business ethics as a combination of moral and social responsibilities used in the everyday running and decision-making of a business. It is more complex than that and in a non-academic sense goes back to the very beginning of accepted levels of right and wrong in trade. Ethics, defined from a personal standpoint, is an accepted set of standards of right or wrong moral conduct within society. But which society is correct? Typically, the culmination of our culture, religion, ethnicity, and general environment defines our personal ethics. Bringing those personal ethics to a business setting can create a range of difficulties for both the employee and the company. Therefore, a more unified standard is necessary, but one that removes exclusivity of background or religion. If the accepted societal standard of what is right and wrong largely determines our personal ethics, then it makes logical sense, by comparison, to base business ethics on what is legally right or wrong. Simplifying it to that level, however, creates other levels of debate because of the nature of certain industries. Legalized gambling is an example of one such controversial industry that makes a profit, even though it is widely known that a number of its patrons struggle with an addiction to gambling. Another definition touching on that very idea, describes business ethics as a careful and ordered way of determining what acceptable behavior in the world of industry is. As an academic discipline, business ethics became an accepted course of study at universities and business schools about four decades ago. It has become an area of increasing interest, branching out into other sub-topics ripe for debate, including marketing ethics, financial ethics, accounting ethics, international ethics and more. It is clear that business ethics is a complex and fascinating study of legal and moral rights and wrongs set in a society whose own morals are always being redefined. With so many approaches to the standards of business ethics, it seemed necessary to consider implementing some governance and compliance standards to create a base line of acceptability in industry. Public perception of corporate integrity and business ethics took an enormous beating between 2001 and 2002, as a direct result of large public scandals involving the fraudulent accounting activities of business giants. The most infamous scandal, of course, was Enron, the seventh largest corporation at that time. With that came the introduction and implementation of the Sarbanes-Oxley Act (SOX) in 2002. SOX was the new law of guidelines designed to help monitor and dictate a set of required accounting guidelines to protect investors against fraud. Clearly, the behavior of these companies was at best, unethical and illegal. But is mandating government compliance part of business ethics, or is it just law? Has it decreased the percentage of fraud in business? Forbes magazine doesn't think it has changed anything,

according to an article in July 2012 discussing the tenth anniversary of SOX. What about Human Resources and the role it plays in the business ethics of a company? In addition to implementing a standard of procedures for financial reporting, SOX also implemented a code of conduct, as well as a code of protection for whistleblowers. The code of conduct defines and dictates certain expected and acceptable behaviors. Both employees and employers are accountable to this code of conduct and handled accordingly following incidents of noncompliance, or misconduct. While the goal is an atmosphere of fairness, it also gives employees a feeling of security to a certain point. In reality, we all know that executives still find ways to get around the law while appearing to fully comply. What is business ethics, then? Is it only thinking of the profit margin and doing what is best for the business? If that is true, why has there been so much ongoing debate about the unethical practice of outsourcing employment to foreign countries? Even though there are laws for compliance, like SOX, implemented to dictate certain ethical financial and employer/employee behaviors, however, fraudulent activities within industries still seem to be on the rise, making it difficult for businesses to regain public trust. Many companies have sought out ways to separate themselves from what the public may see as relaxed standards, by setting a higher code of conduct within their own company. Setting the bar higher, with a publicly known business ethic, is nothing but pure business genius. Minyanville, an internet-based financial media and publishing company, shared a list back in February 2013 of ten such companies. Companies, such as those listed on Minyanville are seeing that incorporating better ethical business policies, while making the company accountable to a higher standard, also has a positive effect on employee satisfaction and public reputation. One such company, in fact, received honors for good business practices and charity work. They give millions of dollars to charities and educational grants. Additionally, they donate an additional six days off per year to all employees for active participation in any charity of their choice. Other companies also go above and beyond, providing things like fully paid health benefits to their employees, believing that a satisfied employee creates a more positive and ethical environment. As you can see, defining business ethics with one single definition is next to impossible. It is a constantly changing, complex combination of legal compliance, guided behaviors, and business philosophies. Chapter 2 Why Is Business Ethics Important? The main goal of a company is to make a profit. Business ethics are an important part of making a profit. When a company is ethical it builds a good reputation, is more likely to succeed, and promotes loyalty with its employees, customers, and other businesses. Bad business ethics will most likely cause a company to have a bad reputation, cause it to fail, and lose the loyalty of employees, customers, and other businesses. Without ethical behavior, there is no loyalty to build a good reputation, succeed, and make a profit. A company can build a solid reputation through having ethical behavior with its employees. Employees are the heart of the company and can often determine the success or failure of a business. Ethical codes that are implemented in company policies and procedures provide a guide for what is expected from the employee and what the employee can expect from the company. Employee recognition and rewards are often considered ethical and keep employees happy and loyal. Employees that are confident in their employers and job positions will promote the company's reputation as a good employer. Employees will often use the company's service or product and promote that as well. Happy, loyal employees who

promote their company as a good employer and business will increase profits through becoming customers, creating less employee turnover, and contribute to the company's success. Happy employees always make and generate happy, loyal customers. Customer loyalty, like employee loyalty, helps a company build a solid, successful reputation and increase profits. A company that rewards the customer with a product or service it stands behind and corrects any issues immediately keeps customers satisfied and loyal. The longer they are satisfied the more loyal they are. Loyal customers will continue to buy a company's product or service and promote it to friends and family for a long time. The more loyal the customer the better your reputation gets. A good reputation is grown by conducting business ethically. Often things like recalls or bad customer service can hurt a company and make it look unethical. Companies that correct these issues immediately will maintain a solid reputation and strong customer base, which increases profits. Ethics are important to maintaining the customer relationship and keeping the company successful and profitable. Businesses employ other businesses for a variety of reasons and will want to conduct business with a company that is upstanding and ethical. It is important for a company to grow their reputations with other businesses as well as employees and customers. The ethics of the other businesses are important to your business because you are judged by who you hang around with professionally as well as personally. Ensuring your ethics with other companies will develop your reputation and significance in the business community. When you are known as an ethical business other companies will want to use your services or products, which will increase your profitability. Bad business ethics may cause bad reputations, businesses to fail, and loss of employee and customer loyalty. There are some people who argue that business ethics hinder profit making for a company. It has been proven that those who do not apply and adhere to business ethics actually tend to make less profits. Some companies do not have a code of ethics implemented and do just fine but they are few and far between, proving that ethics are important in business. As an employee, most people are more likely to work for an ethical company. When employees work for unethical companies they will find their jobs are more stressful and the working environment is unpleasant. Employees will be stressed when they are getting constant complaints from customers and it will cause an unpleasant working environment. Stress and unpleasant working environments will cause more employee turnover and a bad reputation for the company. In addition, employees will not become customers or be loyal to the company and cause the company to have a bad reputation and decreased profits. Customers want companies to stand behind their products and guarantee them. Unethical companies may not do this which will decrease customer loyalty, decrease the businesses reputation, and in turn decrease profits. When there is an issue with a product or service the customer is likely to contact the company about it. If there is no ethical code in place the company and/or its employees may ignore the issue and never contact the customer. This will make a customer unhappy and they are unlikely to do business with the company again. Ethics are important to ensure this type of issue never occurs in a company and keep customers loyally buying products and services. A company that does not follow an ethical code may be subject to refusal of services and supplies from other businesses. Businesses want other businesses to agree with and follow an ethical code to conducting business. A company that refuses to do so may generate a bad reputation and lose a lot of business. Most

companies cannot survive without the services and supplies provided by other companies. Unavailability of those services and supplies can hurt or even cripple a company that refuses to adhere to an ethics policy, which makes business ethics so important. Business ethics are important because they determine the success or failure of a company. Companies that employ and adhere to ethical policies with employees, customers, and other businesses are much more successful than those that do not. Employees, customers and other businesses will be loyal to an ethical business, promote it, and increase its profits. Business ethics help a company build a strong reputation and customer base and be profitable.

Chapter 3 How Business Ethics Applies To the Large Company versus the Small Company

When it comes to the business ethics of large and small companies, the line is a very thin one. On one hand, you have large companies, that have the ability to assemble employees together with several types of morals, values, and ethical standards, and then you have small business. Which as far as business ethics are concerned, may have quite a few problems to deal with... For one, because of a small business's size, it probably won't leave much room for ethical diversity. Small businesses have much more to risk with ethical dilemmas, since their decisions will affect their work environment, profits, and health. The owner and managements systems will invest heavily into a business. This is done on both, an emotional and a professional outlook, which allows them to overlook moralistic values of what is considered right in different situations. When a proper code of ethics is established for a business, it will set forth the company's expectations for an employee's behavior. This means that no matter how many variances are within a person's personal conduct code, employees that work for a larger business are expected to behave in a tactful way to what a company may consider to be ethical. This definition can vary from one company to another but in most large businesses; there are detailed documents that list a set of regulations, to guide employee conduct. When you mix ethics with small businesses, you are sure to notice that there are quite a few ways managers can handle a situation. For example, a very small business owner may run into problems if they need their employees to work overtime, but cannot pay them the premium wages that are required by law and as far as health issues are concerned, a small business may not have the available staff to handle the health and safety of their employees. Things such as this will cause a small business employer, to let their workers go if they are not able to cut the costs. This is done, even though; their employees depend on their paycheck to support themselves or their families. Employers themselves may suffer from this because of the need for their business to succeed, while also trying to meet the financial requirements for their families. A small business's main goal is to profit without sacrificing personal beliefs but presenting ethical issues can quickly change that. With larger companies, if an employee fails to follow company regulations, that employee runs a great risk of placing the entire company in legal jeopardy. A code of ethics ensures that no matter what an employee believes to be ethical or unethical, they are still governed by the rules that a company expects them to follow. This allows companies to stay within the safe range of business laws which