

# Report on importance of business ethics

[Business](#), [Company](#)



Business ethics refers to managerial decision-making, which involves planning and goal implementation in an organization. This aims at improving the overall performance of the business, successful attainment of set objectives and facilitation of social networks among workers (Weiss 2008). It is a movement that guides a corporation and its employees on how to act ethically by conveying values and promoting corporate culture in an organization. For an organization to build a firm ethical culture, it is required to lay down strategies and put up measures that have to comply effectively with operating programs (Ghillyer 2009). Ethics in business have changed much recently. This has been triggered by the Historical development of business theory.

Before the year 1960, different people perceived business ethics differently. This depended on one's understanding of business ethics, its objectives and perspectives. In day-to-day life, ethics have been applied in social life as values and norms. When it comes to business, this applies to commerce and trade – according to Aristotle. In his normative judgments, every transaction made must leave both parties satisfied (Neil 1996). In 1863, John Stuart Mill, a founder of business ethics, saw the importance of fairness in economy. In addition, Karl Max damned capitalism claiming that it engaged in exploitation in business transactions. John Locke created a firm foundation of business ethics by insisting on a right in property protection (Crane & Matten 2007).

In 1964, US civil Rights act was the first legislation to be enacted. This was to form a business ethics movement. It protected public corporations from racism, religious and national discrimination. In 1970, the US government

endorsed the Occupational Safety and Health act (Ghillyer 2009). This act fought for worker's rights and insisted on equality and fair salaries to employees. Later, in 1971, John Rawls came up with a Difference Principle, which helped in understanding the norms of business ethics. The Difference Principle stated that each person has equal rights in opportunities where the less fortunate in the society would benefit more. In this principle, there is protection from unhealthy competition in businesses (Neil 1996). It also curbs unfair treatment in public institutions where offices are accessible to all. Before 1960, philosophers concentrated their efforts on normative interrelationships between the business and society. In today's business community, entrepreneurs have their interest on micro-normative mechanisms of business ethics. Since 1990, business ethics have developed rapidly. Although this is the time the global ethics crisis occurred, ethics transformation has improved the current business managerial systems (Crane & Matten 2007). In understanding organizational ethics, business ethics has now become an academic field. In addition, professors are on a research mission on micro-descriptive in a bid to appreciate business ethics in organizations. This has also enlightened the business fraternity on the change of business ethics.

In late 1990s-2000, business ethics were institutionalized through public policy. Currently, this has led to widespread occurrence of organizational scandals, which has caused a negative impact on businesses globally. For instance, WorldCom organization in the United States has been marveled with fraud accounts due to unethical organizational behaviors and employee misconduct (Weiss 2008). This made the US government to come up with

institutional ethics programs through the Federal Sentencing Guidelines for Organizations in 2004. This move was made to keep a sharp eye on public corporations, which are known to be rampant with corruption cases. Many countries have now enacted legislative measures same as those of the United States. In addition, the United Nations has endorsed a corporation called Global Compact. This corporation safeguards the environment, standards of labor and human rights (Weiss 2008).

In conclusion, in today's business, organizations have an obligation to develop ethics that should be applied by both managers and their junior workers. In relation to frauds that are witnessed in giant companies, much needs to be done. Managerial functions such as marketing, production and finance are the pillars for every corporation. Therefore, measures should be put in place to manage them ethically. Employers should observe employee rights, and businesses should treat their customers fairly without exploitation.

## **References**

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