

# [The importance of business ethics as a key success for companies](https://assignbuster.com/the-importance-of-business-ethics-as-a-key-success-for-companies/)

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What is ethics? Why is it so important? The textbook states, “ It is the study of moral judgments and right and wrong conduct” (Manning & Curtis, 2015). In a few words, it means that people create moral principles, which affect how persons behave and do different activities. Additionally, according to the Cambridge dictionary, the word ethics means: “ A system of accepted beliefs that control behavior, esp. Such a system based on morals” (Cambridge Dictionary, 2018). It simply means that each society has its own system of accepted moral values and beliefs, and moral codes, which are extremely important, and each person should follow them. Similarly, business ethics explains how employees should act. As a result, a company can prosper and be helpful to the community.

Ethics is also significant because it has good effects for businesses. For instance, most of customers prefer to deal with good companies, which are not involved in illegal activities and endless scandals. The reputation of a company is very important; the negative reputation always makes it harder to find new customers and make decent profits. Moreover, ethics helps to hire the best employees because workers prefer to deal with honest business owners. Practicing good ethical skills helps a business to be more stable and prosperous; honest managers can build a concrete connection with their workers. Therefore a company runs smoothly, and a business model become stable. All managers should create a system of ethical norms that are suitable for a company. These ethic rules exist in detailed manner. So, each member a company can clearly understand them. The CEO of any company should create an environment that obligates employees to work in a good manner.

As a result, workers will promote good values and create positive relationship with their customers. The reputation of a business will become positive, and the business model will become more profitable. Business ethics is a key to success for all managers, who practice them daily. Customers will only work with good and honest business. Positive reputation is an outcome from practicing good business ethics. There are different types of ethical guidelines. According to the textbook, “ Government relations, employee relations, business relations, production, consumer relations, community and environmental relations.” (Manning & Curtis, 2015) These guidelines are very helpful and provide clear instructions how to act in each of the areas. The government relations guideline provides information about domestic and international laws, which are strict and can cause multi-million fines for any company. Additionally, it explains how companies must pay taxes. Failing to pay taxes can cause imprisonment for accountants, managers, and CEO. That is why government relations guideline is considered as the most important one, which is very serious. Similarly, employee relations guideline teaches managers how to treat their workers in a good manner.

The employee relations guideline answers these questions: Do workers treated fairly? Is environment good for employees? Do employees get paid fairly? Are relations between employees and managers good? What benefits and perks do workers receive? Are work hours good for workers? What can be done to make employees happier and more successful? The Business relations guideline provides clear information how to work with other firms, companies, or corporations, which compete with your company. Sometimes companies work unfairly and commit unethical actions to compete with others, which is prohibited in business relation guideline. It also helps to create good relationships with producers, suppliers, or other firms that provide your company any kind of services. The Production Guideline defines how a company should create products, or it should provide services. The quality and standards must be high. The Consumer Relations guideline demonstrates necessity of proper ways of advertisement. Commercials are better, when they are ethical. Moreover, prices on products and services should suit the area, where companies do business activities. For instance, some companies promote their products in music videos, where musicians consume drugs or commit crimes. These types of commercials are unethical; businesses should only create good commercials, which promote good values.

Additionally, some companies raise prices on products, which become too expensive for customers (Manning & Curtis, 2015). For instance, a few pharmaceutical companies dramatically raise prices on medicaments, once they become monopolistic. This type of business activities is unethical; ordinary people cannot afford overpriced goods. The consumer relation guideline prohibits unfair prices on goods and services. Additionally, the Community and environmental relations guideline describes how companies should work within communities and have good impact on them. Moreover, this guideline promotes the environmental awareness. A few big corporations, for example oil producers, have committed environmental catastrophes. That happened because companies save money on safety features; this guideline helps to prevent it.

The importance of ethics in business takes the highest priority. Failing to follow ethical rules can cause billions in fines. For instance, Volkswagen committed crimes in emissions regulations. The Volkswagen managers had low standards and ordered their engineers to find ways how to “ outsmart” emissions regulations. As a result, German engineers created the special software that turns on only when emission inspectors connect their devices to the main computer; once inspectors read emissions, the car reduces the consumption of gasoline. Creating this kind of software is very unethical to customers and environment. Volkswagen CEO tried to bypass the law using the easiest way, which resulted in expensive lawsuits and fines. Forcing engineers to create an illegal software to bypass the laws, contradicts business ethics and create many problems for the company. Nowadays, Volkswagen struggles to make huge profits because many customers care about environment. New “ Green” trends are getting very popular now. Potential car buyers desire to purchase a vehicle, that is very fuel-efficient and does not harm the environment.

The global warming news make people think about the future of our planet. The Volkswagen managers committed crimes and showed disrespect to their customers and environment. Running a huge corporation like Volkswagen, brings a lot of ethical responsibilities. Failing to follow ethical rules, dropped the stock prices, which resulted in multi-billion loss. These actions damaged reputation; many customers avoid Volkswagen dealerships. The company have paid huge fines. Managers can prevent all these problems by following ethical rules (Boylan, 2014). The Volkswagen corporation failed to hire professional managers, who understand the importance of ethics. Managers should create the environment that lets workers do their job properly according to ethic codes. Simon Rogerson states, “ Software engineers at Volkswagen faced ethical and legal issues that are easy to identify” (Rogerson, 2018, p. 31).

The Volkswagen top-level managers did not create a line of communication with workers. They should create an alternative way to report any concerns or problems directly to the senior managers. The CEO should form an external office, which can control all managers. That office should have communication lines with ordinary engineers and workers. Managers should let workers to report any illegal activities or concerns about the managers. Following business ethic rules can prevent many problems; all managers should take courses in ethics, which will help a company to avoid many troubles and prosper. Many examples prove the importance of ethics. More and more businesses want their employees to take courses in ethics.

The modern world needs more educated managers, who have good ethical codes and can run businesses in the correct way. The society shows that failing to follow ethics, can cause many troubles for any company. It is hard to underestimate the importance of having good business ethics. Personally, I believe the Volkswagen top-level managers failed to create the correct business environment, which caused the emission scandal. A manger is responsible for all actions he makes, and his employees. If the head of the company fails to prevent all these problem, nobody else can do it. Senior managers should create alternative ways of communication with employees, not only through the lower management. Alternative offices should work with workers, where ordinary employees can report any unethical actions of their managers. The business ethics is a key to success.