

Managing business ethics



Definition of business ethics:

Business ethics involves the application of moral code of conduct when making business decisions. Thus business ethics involves a critical and structural examination of how institutions and people need to behave while doing business.

Importance of business ethics:

Business ethics is important as a source of immense goodwill for a company. Consequently, a company can translate the goodwill into tangible advantage (Weiss, 2008). A company that works towards earning goodwill is more likely expand its level of profits as it has already built a good name to its stakeholders. Thus a company's profitability, sustainability, competitiveness and assurance of the going concern are some of the benefits of business ethics (Anonymous, 2011).

Barriers of business ethics:

Several factors hinder full implementation of business ethics. They include conceived goals, motivated blindness, indirect blindness and overvaluing outcomes. Motivated blindness is whereby a company overlooks unethical behavior to benefit. Similarly, indirect blindness makes a company overlook unethical conduct by other companies. Similarly, conceived goals make a company pursue goals that contradict ethical business (Anonymous, 2011). Overvaluing outcomes poses a barrier to business ethics when companies reward results as opposed to quality of the decisions to attain the results.

Extent of ethical

Ethics relates to morality. There are diverse perspectives and questions associated with ethics in regard to morality. For instance, questions arise as to whether an issue is considered ethical or unethical, good and evil, right and wrong, as well as just or unjust. People often demonstrate diverse opinions in the way they view the concept of ethics. Consequently, ethics often evokes feelings of morality particularly on what people feel as being good or bad depending on the situation at that moment. Normally, human nature prompts people to be selfish and adapt tendencies that favor them to survive. In the same sense, the management is always motivated by the desire to attain progressive profits for the continued survival of the organization. Furthermore, the management always wants to undertake decisions that increase the profits for the organization. Nevertheless, there is need for the management to uphold a high level of ethical practices and morality. Consequently, the recent past has seen an increasing level of standards of life due to the persistent desire for morally acceptable practices by many organizations (Durif et al, 2009). In spite of the requirement for ethical practices in organizational management, it is imperative for the management to understand the right limits of ethical performance suitable for the attainment of organizational goals.

The nature of life portrayed in the animal kingdom is such that a mother species can at times consume their children. On the other hand, organizations may need to undertake certain measures that benefit them by entrenching their position in the desired market. Ethical principles are the foundations on which diverse concepts in the modern organizations are based. In fact, ethics guide on which the priorities of all organizations are

founded. The management needs to strike a balance between the diverse pursuits of an organization and the need to pursue morality in its practices. Ethical considerations are important as they shape corporate priorities in most of the activities undertaken by the business organization (Trevino, 2010). In fact, the pursuit of ethical practices in business have had profound impacts on the manner in which businesses and organizations make decisions on how their operations towards profit making.

Ethical business connotes decisions that tend to be socially responsible as opposed to basing the decisions on profit maximization motives. In business and management practice, observing ethics is very paramount. A manager cannot afford to put ethical considerations aside in order to pursue the sole motive of profit maximization. Moreover, the fact that ethical practice is at the helm of modern business means that all management decisions should be related to ethical practice. Thus business decisions related to profit maximization, employment, production, corporate restructuring, and virtually all activities that relate to decision making need to be based on ethical consideration. The management has often to address the desire to make selfish decisions aimed at maximizing profits at the expense of ethical considerations.