How can ethical decision making be achieved essays example

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How can Ethical Decision Making be Achieved

Ethical decisions play very significant role in success of any business. Managers who make ethical decisions may not appear making huge financial gains instantly but these decisions ensure long-standing success of companies. Managers make a positive image and reputation of a company through taking ethical decisions. Managers ensure a huge and loyal customer base by taking ethical standards which ultimately garners monetary gains. Such gains sustain for a long time and managers, through skills of taking ethical decisions, benefit their organizations in several ways. Ethical decision making impacts all stakeholders directly or indirectly involve with the company, and help in developing positive image of the company in society. This paper discusses how contemporary organizations across the world can achieve ethical decision making.

Honesty and ethical behavior are very important for businesses. When companies indulge in unethical practices, they do not lose the confidence of people only but they also create health risks for people. Unethical and dishonest business practices cause huge damage to employees and people at large. There are a number of cases wherein companies neglected the standards and risked lives of people. When such practices are revealed, companies face strict action by governments and they have to recall their faulty products. Companies have to face anger of people and also they have to deal with a number of lawsuits.

Toyota was recently found to be involved in unethical business practice. The company deliberately ignored safety concerns by using faulty brakes and

pedals in their cars in the year 2009. The company further ignored safety of car owners and did not use good quality air bags in the year 2010. When such business practices were revealed, the company was reprimanded by the US congress and by courts in different matters. The company was forced to recall its faulty cars. This also infuriated people and they displayed their anger in several ways. People also boycotted Toyota made cars and company did not lose huge revenue only but it also lost its credibility(Connor, 2010).

Lattal(2013) in his research study analyzed how ethical decision making can be achieved at workplace. The business environment is realistic, and people are required to make decision depending upon the situations. However, decisions taken by the managers influence image of the company and future engagements. Companies should adopt ethical framework, and review actions taken by the employees against ethical goals of the company. Actions of the employees and companies can be analyzed against different ethical standards or theories. Utilitarianism theory support the decision that taken by considering good of maximum number of people. In utilitarianism theory, even an unlawful decision is ethical, if the decision is beneficial for large number of people(Lattal, 2013).

Business decisions should be evaluated by measuring their impact on the people, and against organizational values, justice, self-interest, rights and common good. Justice is another approach to measure the ethical business decisions. However, justice may not always bring common good. Justice determines whether decisions are legally correct or not; it does not consider the good of people. For example, if a company is struggling financially and

on the verge of closing one or two production facilities then getting financial help or loan by providing bribe may be illegal. However, the decision is ethically correct because it is saving job and livelihood of thousands of workers, employed in the production facilities.

Organizations promote ethical behavior by talking about ethics and making ethics as part of organizational culture. Majority of the companies develop their code of ethics that inform employees about ethical practices of the company, and also informs what company expects from them. Informing employees about ethics is not sufficient, hence, company should organize training programs on ethics. Training programs help employees in understanding positive aspects associated with ethical decision making, especially when decisions taken by the employees impact image of the company. Training programs also inform employees about different tough situations when they are required to take ethical decisions. According to Ferrell et al. (2014), employees face ethical dilemmas on regular basis, and ethical decision-making get impacted by four major factors i. e. intensity of the issue, individual factors, organizational factors, and opportunity. Intensity of the issue refers to the importance of the issue and decision to the employee. Individual factors are the factors that reflect individual situation such as nationality, age, locus of control, job risk, requirement of money, image etc. organizational factors refers to corporate culture, code of ethics, organizational goals, obedience to law system and authority. Opportunity refers to immediate earning, promotion or any other benefit to the decision maker. All these factors influence ethical decision making of the employees. Some employees make unethical decision because they want monetary

benefit, promotion or do not want to risk their job(Ferrell et al., 2013, p 129).

Torkaman et al. (2011) in their article mentioned about the role of managers in influencing employees' ethical behavior and influencing overall development of ethical organization. According to the authors, managers impact organizational vision, mission, goals and commitment to all stakeholders. Ethical behavior shown by the senior management is adopted by all the employees down the line. Senior management through different mediums informs employees about their responsibility towards company, stakeholders and community. Ethical organizations make clear to their employees that unethical practices are not acceptable and may result into sever fine or even firing of the employees (Torkaman et al., 2011). Bose (2012) said that business environment has become very complex, and reliance of companies is increasing on technology. However, use of technology brought issues related with security of confidential information that impacts large number of stakeholders. For example companies that have huge database of customers are on high risk of data theft. Some companies share the confidential information of customers with other organizations which is not ethical. Bose mentioned that ethical dilemma can be analyzed by using three theories i. e. stakeholder, social contract and stockholder theory. Ethical decision making process influenced by these three theories(Bose, 2012).

Companies can integrate ethical decision making into their corporate culture by implementing it at all levels of the company. In competitive environment employees are force to perform and produce quantitative results. Tough

competition encourage employees to adopt unethical practices in external as well as internal environment. Employees adopt unethical ways to generate revenue for the company. For example, in banking industry employee provides loans to the consumers who are not eligible for the loan by generating false documents. Employees also take bribe from the consumers in order to perform unethical tasks. Acceptance of small gifts against the favor made to the competitors are common practice. Company should form harsh penalties against unethical decision. Employee's goal sheet or annual appraisal form should have some points for ethical actions and decisions taken by the employee. Linking of ethical decision making with performance appraisal process positively impacts employee ethical behavior.

Ethical practices are very essential for organizations in order to ensure their reputation, survival and also for long-term gains. Companies that engage in unethical practices may lodge some temporary gains but they face a number of problems in long-term. Companies lose their reputation by engaging in unethical practices. They face legal actions and also targeted by governments. Unethical business practices by companies infuriate people and they show their anger in different ways. Due to all these reasons companies should avoid involving in unethical business practices. Companies should encourage ethical practices and persuade their employees for doing the same. Companies should create an environment that promotes ethical behavior. Ethical behavior and practices should be adopted, promoted and appreciated in organizations. Companies should promote ethical behavior by creating manuals and making mission statement of the organization. Companies can draft ethical code of business for its employees and this code

should be made mandatory for every employee. Merely making mission statement and ethics code is not sufficient and key players of the company should demonstrate by their action that unethical behavior will not be tolerated at any cost. If top management starts following the ethics code strictly, a clear message is flashed in the organization and other employees start following the ethical behavior. A regular monitoring of ethical business practices can help substantially in promoting ethical behavior.

After analyzing importance of ethical decision making and how it can be achieved, it is good to conclude that ethical decision making play vital role in success of any organization. Ethical decision making can be achieved by adopting different methods. Company should inform their employees about ethics, and values of the organization and benefits of ethical decision making. Organizing training programs and workshops on ethical behavior can help employees in a significant manner. An effective forum should be created in the organization where employees can discuss ethical business practices. Employees often face some situations, where they are not able to decide what is ethical. Senior managers of the company should provide counseling to the employees on such situations. Company should also arrange a helpline in case someone wants to complaint about any unethical business practice. Awarding employees for adhering to ethical business practices also helps considerably in achieving ethical business behavior in an organization.

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