

# Ethics and reputational capital essay example

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



## Introduction

Ethics is a concept that is required in every situation of our lives. In addition, it is referred as moral philosophy. In general terms, ethics is a branch of philosophy that deals with values relating to the human conduct, with respect to the wrongness or rightness of given actions. The chapter raises a question about whether codes of ethics can build corporate ethics that are true. According to Eric Krell, one of the chief goals of human resource office in a corporate is to build corporate ethics that are true. This is only possible through code of ethics. The issue of corporate ethics has become dominant in recent times where there has been implementation of ethics audit that is responsible for inspection of ethical codes. Krell goes further and says that if ethics audit are done frequently, the company will be in a better position to know if its procedures and policies are practiced ethically.

However, there are others whose answer to the raised question in this chapter is no. David hasler and Greg Young maintain that what is crucial is an understanding by company owners and CEOs about the conduct that is unethical puts economic value and reputational capital at risk. They recommend the implementation of Enterprise Risk Management, which is required for companies to attain a true incentive intended for acting ethically.

The chapter goes further to elaborate that conducting ethics audit needs a team effort in addition to clear definition of the ethical behavior. Those HR managers who lead by example in terms of ethics are always at the front line in conducting these audits. It is dangerous to neglect ethics audit. The other concept that is related to ethics audit is compliance audit, which compare

the internal behaviors to the external regulations while ethics audit compare the internal behaviors to the internal guidelines in this behavior.

The most frequent ethics audit examines the conflicts of interest, award practices and bidding, practices and processes observations, receiving and giving gifts, and accessing the company information. Business ethics lapses can actually lead to relationships that are damaged with the key shareholders, lost opportunities, which drastically harm the financial performance, and can lead to enterprise costs. The role of reputational capital and ethics are in fact the least developed aspects of the Enterprise Risk Management.

The act of managing risks to the reputational capital needs a dialogue that is sustained in nature with the stakeholders. ERM approach to the reputational capital is essentially a process, which utilizes ethical principles as the descriptors of the relationships in the enterprise with the stakeholders. No matter the business reputations negotiating power or governance context, these businesses must rely on their personnel fundamental integrity.

Therefore, it is important for the management in any business to formulate and implement their code of ethics since there are vital for the operation of any business enterprise. The human resource department is therefore responsible for the enterprise code of ethics. In addition, the issue of ethics audit should be considered in these businesses. This is crucial to ensure that the formulated ethics are implemented fully. There are various dangers in those enterprises that do not practice ethics audit. The managers should lead by example in maintaining ethics since their juniors will do what they

are doing and if they do not uphold ethics, their employees will not and as a result, the enterprise will not attain its objectives.

## **References**

Newton, L. H. E. D. T. F. M. M. (2007). Taking Sides Clashing Views in Business Ethics and Society. McGraw-Hill College