

# Being good is good for business

[Business](#), [Management](#)



## **Introduction**

“ Being good is good for business” – Anita Roddick

This essay will consider the truthfulness of the above statement. It gives the opinion that ethical and unethical conduct are basically the results or outcome of how systems align within an organization to promote certain kinds of behaviour. The way we work and the way we uphold our standards while working affect our personal reputations, company reputations, society at large, national reputations.

## **Ethics in Business**

Ethics considers what is right and wrong and whether conduct by individuals and organisations is good or bad. It is more than ‘ a set of personal moral principles or values’. Decision of people in organisations are influenced by characteristics of both individuals, groups and organisations. Ethics is about conduct!! (Trevino and Nelson, 2014)

Ethical failures occurs regularly. Cheap borrowing, real estate gambling, bad loan origination, securitization, and failures of raters, risk managers, regulators and legislators are some of the facts that leads to business crises. These crises has begun an outbreak of about scepticism. Nevertheless business is actually controlled by excellent, good businesses and hardworking and courageous individuals. So, vitally people doing right things has to be recognized.( Linda K. Treviño and Katherine A. Nelson, 2011)

Ethics can be learned, so any firm or company should look for causes of unethical behaviour. Ethical behaviour in business is define as “ consistent

with the principles, norms, and standards of business practice that have been agreed upon by society.” Proof indicates that people gets stimulated by financial concerns. For employees, managers, leaders, industries and society, ethics is vital and advantageous. Trust and values are the benefits of ethics. (“ one’s core beliefs about what is important, what is valued, and how one should behave across a wide variety of situations”). Both are required for well-functioning of business. (Linda K. Treviño and Katherine A. Nelson, 2011)

### **The Ethical Decision-Making Process**

The ethical decision-making process starts from Ethical Awareness to Ethical Judgment to Ethical Behaviour. It is effected by the behaviour of individuals (e. g., personal differences, cognitive biases) and by the characteristics of organizations (e. g., group pressures, culture). (Linda K. Treviño and Katherine A. Nelson, 2011)

The competing considerations in decision making in business are economic, expediency, competition, culture, stakeholders, complexity, legal. Each one brings its own dilemmas! Also staying within the law and behaving ethically may or may not be easy. Firstly, we should know the differences and similarities of ethics and laws, so that it is easy to make decisions. Laws represent the minimum standards of human behaviours, that is, ethical behaviour. In addition, both laws and ethics maintain a set of moral values and prevent people from shattering them. They both gives people guidelines of do’s and don’ts in certain situations. Ethics and law make people benefit from being members of a well-regulated business. ([http://www.](http://www.https://assignbuster.com/being-good-is-good-for-business/)

differencebetween. net/miscellaneous/politics/difference-between-law-and-ethics/)

## **Ethics and Law**

However, there are many differences between ethics and laws. Every individual has its own opinion on a certain issue. So, ethics may vary from person to person. But laws tells clearly what is illegal no matter how people argue. Too few extent, ethics is not well defined but laws are defined and precise. Ethics can also be distinguished by looking at whether people are being punished after they violate the rules. Nobody will be punished when they violate ethics; but whoever violates laws is going to get punishment carried out by relevant authorities. Apart from this, an action can be illegal, but morally right. For example, in ancient China, some people rob properties from rich people, and give it to poor people, and it is considered to be morally right but be illegal. Similarly, an action that is legal can be morally wrong. For instance, some people spend thousands of dollars on their pets while some poor people on the street cannot have enough food. Moreover, some laws are nothing to do with ethics, like cars should go on the left side of roads. So we can conclude that ethics emphasizes more on positive aspects while laws are more concerned with negative actions. Ethics provides people guidelines on how to behaviour in order to create a peaceful business; but laws carry out restrictions through punishment. Sometimes ethics and laws do not necessarily have any overlap, but these two combined define how people should behave in the business. (<http://blog.nus.edu.sg/is1103g5/2013/03/01/relationship-between-ethics-and-laws/>)

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## **Organisational Culture**

Business ethics can be taught. Most people are not guided by a strict internal moral compass but look outside themselves to their environment; for cues about how to think and behave. Managers and the organisational culture transfers many indications and reminders about how employees should think and act. Organisational cultures can also be taught: a body of learned beliefs, traditions, and guides for behaviour, shared among members of group. It also differentiates one organisation's 'personality' from another's. Organisational culture convey shared assumptions, values and beliefs. It is demonstrated in many ways: behavioural norms, language, formal rules and policies, physical settings, modes of dress, language, myths, rituals, heroes, stories. To estimate the culture requires a knowledge of company history. (<https://www.ethicalsystems.org/content/managing-business-ethics>)

## **Seven Stages**

Our approach to make moral judgment tends to change and develop over time. Kohlberg (1981) claims there are 7 identifiable stages: a) Obey the rules and people in authority exactly, to avoid punishment or disaster, b) Personal benefits & rewards; getting a good deal for oneself; c) Be nice to others & not hurt their feelings, be loyal to partners and live up to others' expectations; d) Perform one's duty to society by upholding its law and order and contributing to the good of social institutions, e) For the betterment of society as a whole, uphold the underlying spirit of basic democratic rights even if existing institutions do not protect them. f) Everyone has basic moral responsibilities. Everyone's basic human rights must be respected, without

exception. g) Rights extend to animal species, ecological systems, regardless of their social utility.

## **Deciding What's Right**

Let's talk about the standard path in deciding what's right in business? A true Ethical difficulties (dilemmas) puts "right" values in arguments.

Different path should be used to understand thoroughly about the concerned problems and avert collapsing into a solution by accident. Utilitarianism may be practical but bulky to calculate. Target on appropriate action, rights or a categorical imperative. It can be challenging to determine which duty, right or principle takes antecedence in a clash. These paths cast dilemmas when it lead to disastrous results.

Virtue ethics are also very important. The actor's character, motivations and intentions has to be considered. Rules and results or effects are considered in the context of evaluating the actor's integrity, as defined by a relevant moral community that keeps you to the highest ethical standards. But which community? Options include a professional association, regulatory community, religious group, your family or the broader public—but not your work group or organization. There are steps to integrate analysis and these are: gather the fact- define the ethical issues, identify the affected parties, identify the consequences, identify the duty or obligations, consider your character and integrity, think creatively about possible actions- check your gut. It also advises practical instructions both for when you have time to "do your homework" and for when you are asked to make a "snap decision." (https://www.ethicalsystems.org/content/managing-business-ethics)

However, the psychological approach in deciding what's right in business; considers that the ethical decision-making process consists of (1) ethical awareness, (2) ethical judgment, and (3) ethical action. The first step involves recognizing the ethical nature of the situation at hand, a task that activates specific parts of the brain associated with emotional processing. Awareness will more likely emerge if prompted by social environment, ethical language “ framing” the situation, or the potential for serious harm to others. (<https://www.ethicalsystems.org/content/managing-business-ethics>)

## **Ways of Judgement**

There are several ways in which individuals differ in their judgments:

The style of making decisions ethically – People prefer idealism i. e they have concern for others' welfare. People also prefer relativism i. e they emphasize mainly on situation- dependency. Cognitive moral development: discussion of Kohlberg's six-stage model of moral cognition, Locus of control: perception of the control one exerts over events (internal-high, external-low), Machiavellianism: associated with unethical action, this should be a red flag for managers., The use of certain mechanisms by individuals to engage in unethical behaviour without feeling bad about it.

Cognitive biases often hinders our ethical judgment, impairing how we gather facts, think about consequences, evaluate integrity, and use our gut. Unconscious biases affect how we value different people (young/old, black/white), and emotions (while necessary for ethical judgment) can interfere with good decision-making when they tilt too far against our ability to be rational.

Decisions may lead to ethical dilemmas. Ethical considerations emerges when choices must be made between different ways of behaving.

Arguements such as ‘ who will be affected?’, ‘ what would others think?’, ‘ what will be the consequences?’, ‘ is this the kind of person I am?’ can arise.

Miscellaneous rights and duties can be involved and prioritising these requires analysis and moral judgment. (e. g. loyalty to individuals Vs. to one’s company, loyalty Vs. truthfulness). Understanding these situations when they are evolved and expressing our choices and defending them is really very important that has to be recognise. Because we all have individual personalities, we tend to view ethical dilemmas differently. (Linda K. Treviño and Katherine A. Nelson, 2011)

## **Conclusion**

In conclusion, this essay has demonstrated about the prescriptive and psychological approach in deciding what’s right in business? It also demonstrate the ethical business decision process by considering ethical debacles, crises of business, ethical dilemmas, ethics and laws, business ethics, organisational cultures and moral judgements. So being good is good for business if we follow the correct approach.

## **References**

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