

The importance of ethics in business



Amanda Hamilton November 30, 2010 The Importance of Ethics in Business

Part of being a fair and effective manager is making good decisions. Knowing what is right is very important to personal and business ethics. However, doing what is right is critical to personal and business ethics. A strong unwavering commitment to your core values and guiding principles of your business or organization will lead to the right ethical decisions and actions.

In the absence of these actions, all one has is good intentions and that simply is not enough for effective leadership. Making an ethical decision instead of a self-interested one can lead to long-term benefits. When one person starts to benefit from unethical and self-interested actions, it will in turn cause other people to act the same way. This can result in a situation called the "tragedy of commons". Unethical behavior of a company reduces efficiency and effectiveness of production and trade.

Unethical behavior leads to distrust and low motivation. Therefore, the company performance goes down. This ultimately leads to a reduction of the national standard of living and well-being. On the other hand, when business is run in an ethical manner, it can lead to greater prosperity. When managers conduct their business in an ethical manner it creates trust between them and their stakeholders. Trust is an important factor in business.

When people engage in business, there is always risk involved, and trust makes them more willing to take the risk. Trust leads to greater productivity and essentially a greater national well-being. Overall, conducting business in an ethical matter creates greater prosperity for both the managers and

stakeholders. Good ethics give a company a better reputation and therefore more business. Good ethics in the business world is essential for a fruitful and long-lasting career.