



BUSINESS ETHICS & CORPORATE GOVERNANCE

Meaning of Business Ethics



Unit 1

- The word ethics is derived from the Greek word ‘ethos’, which means Character.
- Ethics is a branch of philosophy concerned with human character and conduct.
- It is the discipline dealing with ‘**What Is Good And Bad**’ and with moral duty and obligation.
- Ethics is the epitome of moral values, which describes what, is ‘**right**’ and what is ‘**wrong**’ in human behaviour and what ‘**ought to be**’.

- Business ethics means the behaviour of a businessman while conducting a business, by observing morality in his business activities.
- Business ethics are the norms and moral values of human behaviour desired by the contemporary society dealing with commercial transactions.
- The behaviour of a businessman has more impact within the business organization than outside.

- Business ethics comprises of all these values and principles and helps in guiding the behavior in the organizations.
- Businesses should have a balance between the needs of the stakeholders and their desire to make profits.
- Businessmen should obey the laws even though he may personally believe them to be unjust or immoral.
- If the businessman feels that the provisions of laws are unjust, he can take steps to change the provisions instead of disobeying them.

Definition :

- “Business Ethics is generally coming to know what is right or wrong in the work place and doing what is right. This is in regard to effects of products/services and in relationship with the stake holders.” —Cater Mcnamara
- “Business ethics in short can be defined as the systematic study of ethical matters pertaining to the business, industry or related activities, institutions and beliefs. Business ethics is the systematic handling of values in business and industry.” —John Donaldson

Characteristics

- 1 • Code of Conduct
- 2 • Based on Moral and Social Values
- 3 • Gives Protection to Social Groups
- 4 • Provides Basic Framework
- 5 • Voluntary
- 6 • Requires Education and Guidance
- 7 • Relative Term
- 8 • New concept

IMPORTANCE

Importance / Purpose of Business Ethics

- Positive Consequences
- Goodwill of business & businessmen
- Protection
- Self Satisfaction
- Encourage others
- Success & Development
- Good business ethics promotes good Business
- Stops Malpractices
- Improves Customers confidence
- Survival of business
- Safeguarding consumers rights.
- Protecting employees & Shareholders
- Develops good relations
- Creates good image

3 C'S OF BUSINESS ETHICS

COMPLIANCE

CONTRIBUTION

CONSEQUENCES

Scope of Business Ethics

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graph TD; A[Scope of Business Ethics] --> B[Ethics in Compliance]; A --> C[Ethics in Finance]; A --> D[Ethics in Human Resource]; A --> E[Ethics in Marketing]; A --> F[Ethics in Production];
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Ethics in
Compliance

Ethics in
Finance

Ethics in
Human
Resource

Ethics in
Marketing

Ethics in
Production



PRINCIPLES OF
BUSINESS ETHICS

Case Study 1

Sanjay Verma has an MBA; He had specialized in Marketing and Advertising. He has just joined XYZ Ad Agency, though a competent and innovative person with outstanding performance during his stay at the MBA institute, yet he got this job with great difficulty due to recession in the job market. He had somehow managed to find this job through a contact of his uncle.

The chairman of the company wanted him to somehow persuade a well known newspaper to avoid reporting on a controversial corruption charge against him and instead write a favorable editorial. Sanjay was not convinced that his chairman was clean in the case; on the other hand, the newspaper was willing to accommodate the chairman, if the organization came out with a large size advertisement in his favor.

Recently, Sanjay's father died leaving his wife and three sisters on the verge of marriage with Sanjay alone in a disastrous condition to help himself and his family.

- What should Sanjay do?

Case Study 2

Amit was a young and dynamic manager at ABC Private Ltd. and was recently married.

Due to nature of his job, he had to do lot of traveling and therefore unable to devote his time for his wife. At one time he was away for 25 days tour only to return for a day and again go for 10 days tour. This situation led to differences in his married life, turning to serious note.

Once he took his wife along with him to tour and found that he and his wife could stay in hotel within permissible limits of his lodging and boarding allowance with no extra burden on his company.

Thus he was away for work for a good part of the day but could spend time with his wife in the evening. This situation worked out perfectly for himself and his wife and their relations became very good. Therefore he started taking his wife along with him on his tours.

➤ ***Is it ethical on part of Amit?***



Thank You