# Business Ethics and Strategic Management

Business Ethics refers to carrying business as per self-acknowledged moral standards. It is actually a structure of moral principles and code of conduct applicable to a business. Business ethics are applicable not only to the manner the business relates to a customer but also to the society at large. It is the worth of right and wrong things from business point of view.

Business ethics not only talk about the code of conduct at workplace but also with the clients and associates. Companies, which present factual information, respect everyone and thoroughly adhere to the rules and regulations are renowned for high ethical standards. Business ethics implies conducting business in a manner beneficial to the societal as well as business interests.

Every strategic decision has a moral consequence. The main aim of business ethics is to provide people with the means for dealing with the moral complications. Ethical decisions in a business have implications such as satisfied work force, high sales, low regulation cost, more customers and high goodwill.

Some of ethical issues for business are relation of employees and employers, interaction between organization and customers, interaction between organization and shareholders, work environment, environmental issues, bribes, employees rights protection, product safety etc.

Below is a list of some significant ethical principles to be followed for a successful business -

1. Protect the basic rights of the employees/workers.
2. Follow health, safety and environmental standards.
3. Continuously improvise the products, operations and production facilities to optimize the resource consumption.
4. Do not replicate the packaging style so as to mislead the consumers.
5. Indulge in truthful and reliable advertising.
6. Strictly adhere to the product safety standards.
7. Accept new ideas. Encourage feedback from both employees as well as customers.
8. Present factual information. Maintain accurate and true business records.
9. Treat everyone (employees, partners and customers) with respect and integrity.
10. The mission and vision of the company should be very clear to it.
11. Do not get engaged in business relationships that lead to conflicts of interest. Discourage black marketing, corruption and hoarding.
12. Meet all the commitments and obligations timely.
13. Encourage free and open competition. Do not ruin competitors’ image by fraudulent practices.
14. The policies and procedures of the Company should be updated regularly.
15. Maintain confidentiality of personal data and proprietary records held by the company.
16. Do not accept child labour, forced labour or any other human right abuses.

**RELATIONSHIP BETWEEN BUSINESS AND ETHICS**

**Functional Area Ethics**: Functional areas of business are likely to confront ethical issues. Accounting is a critical function of any business. Accounting statement reveal to the managers and owners about the financial soundness of a company. Managers, investors, regulating agencies, tax collectors and absolute requirements of the accounting function. Professional accounting organizations have evolved generally accepted accounting standards whose purpose is to establish uniform standards for reporting accounting data. When they are followed, these standards ensure a high level of honest and ethical accounting disclosures. Rarely are they followed in practice.

Ethical dilemmas crop up in purchasing departments where strong pressure are felt to obtain the lowest possible prices from suppliers and where suppliers too feel a similar need to bag lucrative contracts, bribes, kickbacks and discriminatory pricing are temptations to both the parties.

Marketing is another area of the ethics issue. Pricing, promotions, advertising, product information, relations between agencies and their clients and marketing research are potential areas of ethical dilemmas. Then there is thee area of sophisticated communication technology which is grossly abused or misused to realize one’s ambitions.

**ETHICS TRAINING PROGRAMMES**

Nearly all Companies which take ethics seriously provide training in ethics for their manager and employees. Such training programs acquaint company personnel with the official company policy on ethical issues and they show how those policies can be translated into the specifics of every day decision making. Often simulated cases based on actual events in the company are used to illustrate how to apply ethical principles to on the job problems.