

FACULTY OF JURIDICAL SCIENCES

Lecture-8



BUSINESS ETHICS AND VALUES

Business ethics is a practice that determines what is right, wrong, and appropriate in the workplace. Business ethics is often guided by laws, and keep companies and individuals from engaging in illegal activity such as insider trading, discrimination and bribery. However, other principles can influence how employees treat one another, corporate social responsibility and relationships with clients and vendors. The purpose of business ethics is to ensure a consistent moral attitude within the company, from executive-level management to new hires. It helps to ensure everyone is treated with respect, fairness and honesty.

The values and ethics of a business are the moral code by which the business operates. While no business can control the actions of every employee, it can define expectations and develop procedures for violations. Many organizations have similar areas of focus when it comes to values and ethics.

These include but aren't limited to honesty, accountability, respect, caring and reliability. Values and ethics should be defined in an organization's bylaws, mission statement, vision statement and policies.

Ethics and Values together lay the foundation for sustainability. While they are sometimes used synonymously, they are different, wherein **ethics** are the set of rules that govern the behavior of a person, established by a group or culture. **Values** refer to the beliefs for which a person has an enduring preference.

Ethics and values are important in every aspect of life, when we have to make a choice between two things, wherein ethics determine what is right, values determine what is important.

In the world of intense competition, every business entity works on certain principles and beliefs which are nothing but the values. Likewise, ethics is implemented in the organization to ensure the protection of the interest of stakeholders like customers, suppliers, employees, society and government. Read the following article to know the important differences between ethics and values.

Definition of Ethics

By the term 'ethics' we mean a branch of moral philosophy – a sense of rightness or wrongness of actions, motives and the results of these actions. In short, it is a discipline that identifies good or evil, just or unjust, fair or unfair practices, about moral duty. It is well-based standards that a person should do, concerning rights, obligations, fairness, and benefits to society and so on. The standard puts a reasonable obligation to stop crime like stealing, assault, rape, murder, fraud and so on.

The system addresses the questions of the human morality, such as what should be a standard way for people to live? Or what are the appropriate actions in the given situations? What should be an ideal human conduct? Etc. Under Ethics there are four important subject areas of study

- **Meta-ethics:** Ethical philosophy that analyses the meaning and scope of moral values.
- **Descriptive ethics:** The branch of ethics that deals with psychology, sociology, anthropology, etc.
- **Normative Ethics:** The study of the moral course of action through practical means.
- **Applied ethics:** This branch tells us how we can achieve moral outcomes, in a particular circumstance.

Definition of Values

Values refer to the important and enduring beliefs or principles, based on which an individual makes judgments in life. It is at the centre of our lives which act as a standard of behavior. They severely affect the emotional state of mind of an individual. They can be personal values, cultural values or corporate values.

Values are forces that cause an individual to behave in a particular manner. It sets our priorities in life, i.e. what we consider in the first place. It is a reason behind the choices we make. It reflects what is more important for us. So, if we are true to our values and make our choices accordingly, then the way we live to express our core values. Moreover, if you understand an individual's values, you can easily identify what is important for them.

BASIS FOR COMPARISON	ETHICS	VALUES
Meaning	Ethics refers to the guidelines for conduct, that address question about morality.	Value is defined as the principles and ideas that help them in making judgment of what is more important.
What are they?	System of moral principles.	Stimuli for thinking.
Consistency	Uniform	Differs from person to person
Tells	What is morally correct or incorrect, in the given situation?	What we want to do or achieve.

BASIS FOR COMPARISON	ETHICS	VALUES
Determines	Extent of rightness or wrongness of our options.	Level of importance.
What it does?	Constrains	Motivates

Advantages of business ethics

Ethical conduct in business can provide multifold advantages to both the business owners and the consumers. Conducting business ethically can help with:

- ensuring smooth legal operations
- building trust between business owners and consumers
- appealing to shareholders
- attracting high performance talent