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**DEPARTMENT: SOCIAL JUSTICE**

**COURSE CODE: SJS 304**

**COURSE TITLE: CONTEMPORARY ISSUES IN ETHICS**

**ASSIGNMENT**

**Using the material on business ethics, write a five page on what is business ethics and the importance of business ethics.**

**Business Ethics**

The debate about the ethical behavior of organizations has taken place in administrative practice as a way

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Various scandals concerning undesirable business activities, such as the despoiling of rivers with industrial pollutants, the exploitation of sweatshop workers, the payment of bribes to government officials and the deception of unwary consumers have highlighted the unethical way in which some firms have gone about their business. Even though these are seen as bad and unethical, there are reasons why such decisions get made.Therefore,these kind of decisions: ‘cooperate malpractices’, should not be interpreted to mean that thinking about ethics in business situations is entirely redundant. It has been shown that many everyday businesses requires ethical standard such as accountability, honesty, trustworthiness and lots more. Therefore, business ethics can be regarded and seen from two perspectives: right and wrong decision.

Business ethnics is the study of right and wrong decision,situations and activities made concerning a business and how they are handled. Business in this context covers commercial businesses, government organizations, pressure groups, not-for-profit businesses, charities, and other organizations. And the decision implodes to morally related decisions or situations.

We can also say that business ethics involve applying a moral code to business operations and decision making. Business ethics means recognizing that there is right and wrong in business.

The term ‘Business Ethics’ refers to the system of moral principles and rules of the conduct applied to business. Business being a social organ shall not be conducted in a way detrimental to the interests of the society and the business sector itself. Every profession or group frames certain do’s and do not’s for its members. The members are given a standard in which they are supposed to operate. These standards are influenced by the prevailing economic and social situations. The codes of conduct are periodically reviewed to suit the changing circumstances.

“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

There is no unanimity of opinion as to what constitutes business ethics. There are no separate ethics of business but every individual and organ in society should abide by certain moral orders.

### Sources of Business Ethic:

In every society there are three sources of business ethics-Religion, Culture and Law. The manager in every organisation, thus, has to be well versed with the unique system of values developed by these three sources.

**These sources are discussed as follows:**

#### 1. Religion:

Religion is the oldest source of Religion is the oldest source of ethical inspiration. There are more than ethical inspirations. 1, 00,000 religions which exist across the whole world, but all of them are in agreement on the fundamental principles. Every religion gives an expression of what is wrong and right in business and other walks of life. The Principle of reciprocity towards one’s fellow beings is found in all the religions. Great religions preach the necessity for an orderly social system and emphasize upon social responsibility with an objective to contribute to the general welfare. With these fundamentals, every religion creates its own code of conduct.

2. Culture: Culture is the set of important understandings that members of a community share in common. It consists of a basic set of values, ideas, perceptions, preferences, concept of morality, code of conduct etc. which creates distinctiveness among human groups. When we talk about culture we typically refer to the pattern of development reflected in a society’s pattern of knowledge, ideology, values, laws, social norms and day to day rituals. Depending upon the pattern and stage of development, culture differs from society to society. Moreover culture is passed from generation to generation. Culture facilitates the generation of commitment to something larger than one’s individual self interest.

Culture encourages the members of the organisation to give priority to organizational goals over and above their personal interests. Culture also serves as a sense making and control mechanism that guides and shapes the attitudes and behaviour of people. Managers have to run an industrial enterprise on the cutting edge of cultural experience. The tension that their actions create makes the business ethically more complex.

#### 3. Law:

The legal system of any country, guide the human behaviour in the society. Whatever, ethics the law defines are binding on the society. The society expects the business to abide by the law. Although it is expected that every business should be law abiding, seldom do the businesses adhere to the rules and regulations. Law breaking in business is common eg. Tax evasion, hoarding, adulteration, poor quality & high priced products, environment pollution etc.

**Importance of Business Ethnics**

Business ethics are a reflection of the standard of business that either an individual or business uses when conducting transactions. Business ethics are important because they add a line of defense to protect the company, enable company growth, save money and allow people to avoid certain legal implications.

1.Implication of the influence of business in our society. The power and influence of business in our society is becoming greater. Business ethnics helps us understand why that’s happening and it’s implications on society and how it should be handled.

2. It Is Expensive to Be Bad: Business malpractices have the potential to inflict enormous harm on individuals, on

communities and on the environment and importantly the business. Therefore it is important that we know about business ethnics to help us avert business malpractices.

3.Business owners and stake holders are requiring high demand of business ethics in running their businesses.

4.Improves ethical decision making: Business ethics can help to improve ethical decision making by pro- viding managers with the appropriate knowledge and tools that allow them to correctly identify, diagnose, analyze, and provide solutions to the ethical problems and dilemmas they are confronted with.

5.Ethical infractions continue to occur in business. Business ethics provides us with a way of looking at the reasons behind ethical misconduct employees showcase and the ways in which such problems might be dealt with by managers, regulators, and others interested in improving business ethics.

6. Society and business: Business has the potential to provide a major contribution to our societies, in terms of producing the products and services that we want, providing employment, paying taxes, and acting as an engine for economic development, and a lot of others. How, or indeed whether, this contribution is made raises significant ethical issues that go to the heart of the social role in business in contemporary society

7.Corresponds to Basic Human Needs: The basic need of every human being is that they want to be a part of the organisation which they can respect and be proud of, because they perceive it to be ethical. Everybody likes to be associated with an organisation which the society respects as a honest and socially responsible organisation. The HR managers have to fulfill this basic need of the employees as well as their own basic need that they want to direct an ethical organisation. The basic needs of the employees as well as the managers compel the organizations to be ethically oriented

#### 8. Profitability:

Being ethical does not mean not making any profits. Every organisation has a responsibility towards itself also i.e., to earn profits. Ethical companies are bound to be successful and more profitable in the long run though in the short run they can lose money.

#### 9. Better Decision Making:

Respect for ethics will force a management to take various economic, social and ethical aspects into consideration while taking the decisions. Decision making will be better if the decisions are in the interest of the public, employees and company’s own long term money

#### 10. Credibility with the Employees:

When employees are convinced of the ethical values of the organisation they are working for, they hold the organisation in high esteem. It creates common goals, values and language. The HR manager will have credibility with the employees just because the organisation has creditability in the eyes of the public. Perceived social uprightness and moral values can win the employees more than any other incentive plans.