

Ethics

- ❖ The study of right and wrong and of morality of the choices individuals make.
- ❖ An ethical decision is one that is “right” according to some standard of behavior

Business Ethics

- ❖ The application of moral standards to business situations

Factors Affecting Ethical Behavior

Ethical Issues

- ❖ Fairness and Honesty
 - Business people are expected to refrain from knowingly deceiving, misrepresenting, or intimidating others.
- ❖ Organizational Relationships
 - A business person should put the welfare of others and that of the organization above his or her own personal welfare
- ❖ Conflict of Interest
 - Issues arise when a businessperson takes advantage of a situation for personal gain rather than for the employer’s interest.
- ❖ Communications
 - Business communications that are false, misleading, or deceptive are both illegal and unethical.

Three general sets of factors appear to influence the standards of behavior in organization....

- ❖ Individual Factors
 - Individual knowledge of an issue
 - Personal Values
 - Personal Goals
- ❖ Social Factors
 - Cultural norms
 - Coworkers
 - Significant others
 - Use of internet
- ❖ Opportunity
 - Presence of opportunity
 - Ethical codes
 - Enforcement

Encouraging Ethical Behavior

- ❖ External to a Specific Organization
 - Governmental legislation/laws and regulations
 - Trade association guidelines
- ❖ Within an organization
 - Code of Ethics- A written guide to acceptable and ethical behavior as defined by an organization; it outlines policies, standards, and punishments for violations.
 - Organizational environment- “Culture of the Organization”