

Chapter 1: An Overview of Ethics

What is ethics, and why is it important to act according to a code of ethics?

A **code of ethics** is a statement that highlights an organization's key ethical issues and identifies the overarching values and principles that are important to the organization and its decision making.

The cornerstone of ethical behavior is **integrity**, which is basically treating others with respect as you would expect for yourself.

It's important to act according to a code of ethics because the consequences of falling out of line of the code could not only put yourself at harm, but others as well.

Why is business ethics becoming increasingly important?

Business ethics are becoming increasingly important because there is a trend of increasingly unethical behavior within the realm of business.

Some controversial practices in business tend to be:

- Offshoring overseas in order to exploit immoral working conditions in third-world countries
- A recessionary economic climate incentivizes organizations to maintain revenue and profits; the prioritization of the bottom-line over employee's.
- Poor accounting standards.

With that said, there's a lot to gain with good business ethics:

Perks of Good Business Ethics

Gaining the good will of the community

Creating an organization that operates consistently

Fostering good business practices

Protecting the organization and its employees from legal action

Avoiding unfavorable publicity

- Gaining the good will of the community
 - These companies will find it easier to compete for the best job candidates.
 - Adverse publicity impedes business relations and sales.
- Creating an organization that operates consistently
 - Operate according to standards of ethical conduct, in words and action.
- Fostering good business practices
 - Good ethics can mean good business and improved profits

- Bad ethics can have a negative impact on employees, many of whom develop bad attitudes if their values differ from the organization's actions.
- Protecting the organization and its employees from legal action
 - Fines for criminal violations can be lowered by up to 80% if the organization implements ethics management programs and cooperates with authorities.
- Avoiding unfavorable publicity
 - Public reputation of a company strongly influences the value of its stock.

What are organizations doing to improve their business ethics?

By implementing ethics management programs.

Corporate ethics officers provide an organization with vision and leadership. They emphasize the importance of ethics and ideally report directly to the CEO.

The **board of directors** are responsible for management of an organization. They are the ones to oversee business activities for the benefit of stakeholders (employees, shareholder, customers, suppliers, and the community).

Why are organizations interested in fostering good business ethics?

Fostering good business ethics is a good idea because the value of a company's stock is influenced by public reception. Enforcing good business ethics results in a better outlook of the company and better publicity, raising the price of stock.

It also comes back to the idea of integrity, and companies are implementing several ways in order to maintain integrity.

Conducting **social audits** show how well a company is meeting its ethical and social responsibility of goals. This information is shared with stakeholders and the government.

What approach can you take to ensure ethical decision making?

Fairness Approach Focus on how fairly actions and policies distribute benefits and burdens among people affected by the decision.

Common Good Approach Making decisions based on a vision of society as a community whose members work together to achieve a common set of values and goals.

What trends have increased the risk of using information technology in an unethical manner?

The breakthrough of technology in the modern world as it becomes the new norm leaves tech at risk of being used unethically, especially since it is so ingrained

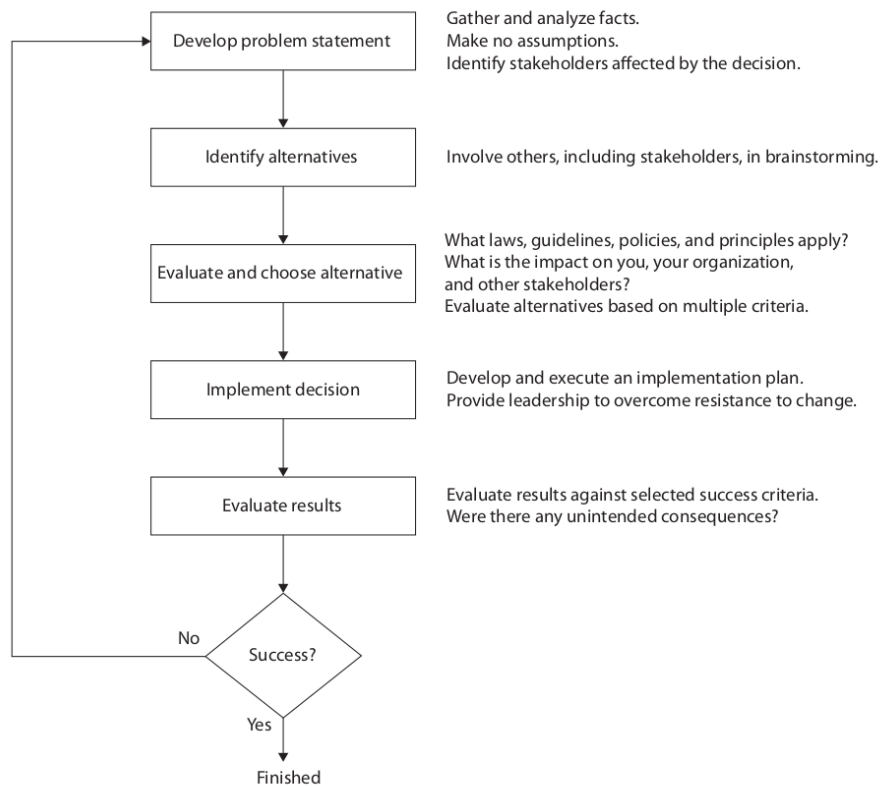


Figure 1: decision-making

within our daily lives.

A couple of ways in which technology may be abused for unethical means are the following:

Unethical Uses of Technology

Monitoring of email and Internet while at work; invasion of privacy

Piracy of copyrighted material

Spam email as a low-cost marketing approach

Hackers breaking into databases to steal customer information

Plagiarizing work

Websites planting cookies or spyware on site visitors to track online activities
