Business Ethics and Social Responsibility
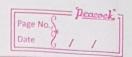
The goal of business is to get maximum profit for owners and shareholders. That's a simple statement that doesn't describe how companies can or can't go about their business. The pursuit of profitability doesn't give companies the liberty to override the law or harm groups or individuals in the process. The two terms are often used interchangeably, but they have different meanings. The difference between business ethics and social responsibility is an important issue for every business considered. While the forms that ethics and social responsibility take will vary significantly from one company to another, each of them has a place within every organization.

Defining Business Ethics

Ethics comes from the Greek word, ethos, which means moral character. Ethics means knowing the difference between right and wrong and continuing to do the right thing. Ethical business decisions can be based on your conscience or based on principle. In either case, individuals make their own decision according to the laws of land or according to their core beni beliefs.

In a business sense, corporate leaders must follow the right behaviour to benifit the good of everyone including the shareholders, stakeholders, employees, customers, community etc. Business activities shouldn't

harm people, products or services and they sho should
help to protect the reputation of the company.

Business ethics are critical in times of fundamental
change such as we are in now. During good and stable
times, it's common for good values to be taken for
granted. By contrast, during times of crisis or
confusion people's ethics tend to guide their behavior.
The general response to that is to question and
scrutinize behavior to ensure that good ethics are
being played out in the workplace.

Defining Social Responsibility

Social Responsibility refers to businesses doing what
they can do to benefit communities. Societies set
their own acceptable norms. To be successful, businesses
have to adhere to social norms and expectations. Some
values have eroded over time and that has left no
moral compass to guide leaders through complex
social dilemmas over right and wrong. That means
that businesses are on their own to decide the ways
that they can best demonstrate social responsibilities
and give back to their communities.

Bringing Business Ethics and Social Responsibilities into the work place.

To Ensure good business ethics and social responsibility,
many companies establish an ethics management
program that is in keeping with their mission, vision,

and values. Each ethics program is unique to the organization. A corporate ethics program is designed to teach employees the value of policies which set the behavioral standard for those who work and in and around the company.

A company's mission, vision and values form a code that describes the highest set of values that a company operate under. They describe the types of thought and behaviors that employees and other stake holders should aspire to. A formal code of ethics is a little different. It's a policy that states what employees and others should not do. For large companies, they may establish specific codes of ethics for individual departments and have one general code of ethics that everyone must abide by.

Human resource departments and legal departments typically collaborate to form an appropriate code of ethics. At the same time codes of ethics are more than a legal mechanism. Ethical behavior is part of the corporate culture and the appropriate language and behavior start at the top.

Business ethics can be challenging because our decisions are often a reflection of our own beliefs and cultures in addition to the corporate culture. Relationships are complicated and there is not always one clear cut appropriate answer. Cultural assessments can be a valuable part of understanding whether certain behaviors are in keeping with a company's code of ethics.