What are Ethics? Generally, why do people act unethically?

Definition of ethic

Ethics can be defined broadly as a set of moral principles or values. Each of us has such a set of values, although we may or may not have considered them explicitly. Philosophers, religious organisations, and other groups have defined in various ways ideal sets of moral principles or values. Examples of prescribed sets of moral principles or values at the implementation level include laws and regulations, church doctrine, codes of business ethics for professional groups such as auditors, and codes of conduct & ethics within individual organisations.

Many people tend to relate ethics with their feelings. But being ethical is not a matter of one’s feelings. A person following his feelings may not do what is right. In fact, feelings often pushed away from what is ethical.

Eventhough identic with religion, ethics cant be identified with religion. Of course most religion advocate high ethical standards. Yet if ethics were defined with relgion, the ethics will only applied to religious people. But ethics are applied to every people behavior including the atheist and the saint. Religion can set high ethical standard and can provide incentive to do ethical behavior. Ethics, however, cannot be confined to religion nor the same as religion.

Being ethical is not the same as following the law and regulations. The law often governs ethical standards to which most citizens subscribe. But like feelings, laws can deviate from what is ethical about. The different from United States pre-civil era slavery laws and the South Africa’s apartheid laws are examples that law can be different with ethic. Law can be made to satisfy one interest instead of doing something ethical.

Being ethical is not the same as fulfilling society accepted standards. In many society, most people accept standards of behaviors that are ethical. But those thing can deviate from what is ethical really about, because entire society can be corrupt, and of course they standard will be very low. Nazi during world war 2 can be a good example of a corrupted society, where they are killing other happily for glory.

There are six core ethical values defined by Josephon Institute associates, a non-profit membership organization for the improvement of the ethical quality of society, the following are:

* **Trustworthiness** includes honesty, integrity, reliability, and loyalty. Honesty requires a good faith intent to covey the truth. Integrity means that the person acts according to conscience, regardless the situation. Reliability means making all reasonable efforts to fulfill commitments. Loyalty is a responsibility to promote and protect the interest of certain people and organisations.
* **Respect** includes notions such as civility, courtesy, dignity, tolerance, and acceptance. A respectful person treats others with consideration and accepts individual differneces and beliefs without prejudice.
* **Responsibiliy** means being accountable for one’s actions and exercising restraint. Responsibility also means pursuing excellence and leading by example, including perseverance and engaging in continuous improvement.
* **Fairness** **and Justice** includes issues of equality, impartiality, proportionality, openness, and due process. Fair treatment means that similar situations are handled consistently.
* **Caring** means being genuinely concerned for the welfare of others and includes acting altruistically and showing benevolence.
* **Citizenship** includes obeying laws and performing one’s fair share to make society work, including such activities as voting, serving on juries and conserving resources.

It is common for people to differ in their moral principles and values and the relative importance they attach to these principles. These differences reflect life experiences, successes and failures, as well as the influences of parents, teachers, friends, and also environment around them.

Ethical behavior is necessary for a society to functioin in an orderly manner. It can be argued that ethics is the glue that holds a society together. Imagine, for example, what would happen if we couldn’t depend on the people we deal to be honest. If parents, teachers, employers, siblings, coworkers, and friends all consistenly lied, it would be almost impossible for effective communication to occur.

The need for ethics in society is sufficiently important that many commonly held ethical values are incorporated into laws. However, many of the ethical values mentioned in the paragraph above cannot be incorporated into laws because of the judgmental nature of certain values. That does not imply, however, that the principles are less important for an orderly society.

Ethic is also important in doing business. Good ethics make good business sense. Long term profit from costumer come from good reputation resulting from acting with honesty and integrity. Having a code of ethics within company will help maintain standards of acceptable behavior. A good ethical framework can help your company to get through of depressing time such as increased pressure from external and internal factors. Practicing ethical behavior in the workplace, especially with personnel within the company, can save company from unnecesarry expense for paying lawsuits or fines for unithecally behavior in the future. Auditors for example, should respect the ethics and independence regulated by AICPA or other body of auditing comitee.

(Canadian Institues of Health Research, 1998)

Accoridng to The Code of Ethics of the Internal Auditors, the behavior of internal (and external) should be always and at all events irreproachable. A code of ethics is necessary appropriate for the profession of internal auditing, founded on the trust placed in its objective assurance about risk management, control, and governance. The Code of Ethics extends beyond the definitioin of internal auditing to include two essential components:

1. **Principles** that is relevant to the profession and practice of internal auditing
2. **Rules of Conduct** that describe the behavioural norms expected of internal auditors, helping to interpret the Principles into practical applications, intended to guide the ethical conduct of internal auditors.

This code applies to both individuals and entities that provide auditing services. The internal (and external) are required to apply and uphold the following principles and rules in addition to other code of conduct and ethics in related country.

The need for ethics to auditors because auditors shall show the highest level of objectivity while conducting audits. The internal auditors shall make balanced assessment of all relevant circumstances and ensures that they are not unduly influenced by their own interest or boy others in forming judgments.

In barings collapse case, ethics is about not letting someone who is capable of manipulating things to suit own his ends a position in front, investigating unsual amount of profit and lost generated eventhough it is making a huge amount of profit, not turn a blind eyes where all the money came in. Because all those thing will hurt your company well being.

Unethical Behavior Definition and Why do People Act Unethically

Most people define unethical behavior as conduct that differs from what they believe is appropriate during the circumstances. Unethical behavior is doing things not ethical. Each of us decides for ourselves what we consider unethical behavior both for ourselves and others, because each person have their own ethical standard.

It is important to understand what causes people to act in a manner that most of people decide is unethical. There are two main reasons why people act unethically: the persons ethical standards are different from those of society as whole, or the person chooses to act selfishly. In many circumstances, both reasons exist.

* **Person’s Ethical Standards Differ from General** Drug dealer, corruptor, and criminal is another examples of society extreme who act as what they want and violates almost everyone’s ethical standard. People who commit such acts feel no remorse when they are apprehended because their lack of ethical standars differ from those of society as a whole.

There are also another extreme examples when other violate ethical values in general. White collar crime, cheating on tax returns for example, treat other people with hostility, lie on employment applications, or perform below their competence level as employees, most of us regard that as unethical behavior. If the other person has decided that this behavior is ethical and acceptable, there is conflict of ethical values that is unlikely to be resolved.

* **The Person Chooses to Act Unethically** The following example illustrates the difference between ethical standards that differ from general society’s and acting for their own interest, or acting selfishly. Person A finds a wallet in Soekarno Hatta International Airport (CGK) containing owner personal information, credit card, signed cheque, and money amounting of RM 2,000. Then he tosses the wallet and take owner important belongings and his money. He brags to all his relatives about his fortune, without realizing that he just doing unethical behavior. Person A’s values probably differ from most of society.

Person B faces the same situations, but respond differently. He tosses the wallet in an unconspicious place. He tells nobody because he think that it will harm his reputation and spends the money for his own interest. It is likely that person B has violated his own ethical standards, because he know if what happen to the owner happen to him, he will want to the finder to return the wallet back to him, but instead he decided that the money was too precious to pass up. He chooses to act selfishly.

A considerable portion of unethical behavior results from selfish behavior. Political standards results from the desire for policital power; cheating on tax returns and expense reports is motivated by financial greed; performing below one’s competence and cheating on tests typically arise from laziness. In each case, the person knows that the behavior is inappropriate but chooses to do it anyway because of the personal sacrifice needed to act unethically.

Barings collapse illustrate why some people act unethically. In this case, Nick Leeson start hiding company loses and sacrifice his company well being for his personal gain, while he knew what he was doing fraud. It can be said that Nick Leeson ethical standard differ from other.

And also, board directors of baring bank look blindly of their employee eventhought they are generating an unusual amount of money, because when the company generating huge amount of profit they will get big bonus as well, which of course will benefit them. It can be said that Baring Bank management chooses to act selfishly.

In general people choose to act unethically because they will get the benefit of doing that eventough it will harm others or even theirself. Because after all doing such thing will give them shortcurt with what their desire the most, as example the profit Lee Neson can get by hiding all the loses he incurred during his work time.