Business Ethics

- *Why do businesses need ethics?*
- *What happens if they don't follow ethical principles?*

Business Ethics:

Business ethics refers to the **moral principles and standards** that guide behavior in the world of business. It involves making the **right decisions** that are **fair, honest, and respectful** to all stakeholders, including employees, customers, suppliers, and society.

Four Key Questions for Ethical Decision-Making:

1. Is it legal?
2. Is it fair?
3. How does it affect stakeholders?
4. Would I be proud if this was public?

Why Is Business Ethics Important

- Brand recognition and growth
- Increased ability to negotiate
- Increased trust in products and services
- Customer retention and growth
- Attracting talent
- Attracting investors

Example of business ethics

Situation:
A small coffee shop accidentally charged a customer twice for the same order. The customer didn't notice.

Ethical Action:
The cashier realized the mistake and immediately informed the customer, refunded the extra charge, and apologized.

Ethics Principle:
☐ Honesty

☐ Accountability
☐ Transparency

Why it matters: Even small, honest actions build customer trust and reputation.

Principles of Business Ethics

There are generally 12 business ethics principles:

Leadership: Be a good example by practicing all ethical values in both work and life.

Accountability: Take responsibility for your actions—and help others take responsibility too.

Integrity: Always do the right thing, even when no one is watching. Be honest, reliable, and trustworthy.

Respect for Others: Treat everyone with kindness and fairness. Everyone deserves to be treated equally.

Honesty: Tell the truth. Don't hide bad news or exaggerate. Honest communication helps solve problems.

Respect for Laws: Always follow the rules and laws. Don't try to take advantage of unclear legal situations.

Responsibility: Do your job well and accept the results of your actions. Let others do the same for their work.

Transparency: Share important business information clearly with those who care about the company, like workers or investors (but without revealing secrets).

Compassion: Care about others—your coworkers, customers, and community. Think about how your actions affect them.

Fairness: Treat everyone the same. Don't favor one person or group over another.

Loyalty: Be faithful to your company and team. Support and stand by them.

Environmental Concern: Protect the environment. Find ways to reduce harm and take care of natural resources.

How to Implement Good Business Ethics

1. **Start with the leaders**

    Good behavior starts from the top. Managers and company owners must set a good example.

2. **Make clear rules**

    The company should write a list of rules (called a "code of ethics") to explain what is right and wrong at work.

3. **Teach the employees**

    Workers should learn about these rules in training sessions, so they know how to make good decisions.

4. **Talk with employees often**

    Managers must keep talking with employees about good behavior. This helps remind everyone to follow the rules.

5. **Make it safe to report problems**

    If an employee sees something wrong (like cheating or unfair treatment), they should feel safe to report it. The company should protect them and not punish them.