
UNIT 14 BUSINESS ETHICS*

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14.0 OBJECTIVES

The objectives of this unit on Business Ethics are as follows:

- To understand and analyze what Business Ethics is.
- To examine the vital characteristics of Business ethics and ethical problems arising in a business organization.
- To discuss unethical business practices with examples and how through codes of business ethics the companies could avoid them.

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- To explain the nature, aspects and the growing importance of business ethics in today's economy.

14.1 INTRODUCTION

The term “ethics” has its roots in the word “ethos”, which means character. Ethics is a philosophical study of the codes of conduct which are believed to govern our actions. It has social acceptance which is said to evaluate the action as right or wrong. It is a critical reflection on what one does or why one does. When we talk about business, it is assumed that business is as old as human civilization and laws come into existence much later. Laws are basically formal codification of ethical conduct of the society. So, it is generally believed that the codes of ethics begin first when people began to live in groups. Thus, since beginning it may be said that the ethics continue to guide the mankind to follow the right path. Similarly the role of ethics has been a perpetual issue. Ethics plays a very crucial role and is an important aspect in how we do business. This is because ethical responsibilities in businesses helps us to understand and to establish rules, processes, practices and behaviors, that will be acceptable among employees, businessmen and management.

Ethics can be considered as a major concern for both large and small businesses because it is believed that an ethical code of conduct teaches the employees, businessmen about what is and what is not acceptable in a business. So here the role of business ethics will assist and guide in weighing the possible repercussion of our business actions and it will also educate us on how to draw moral distinctions and to resolve ethical dilemma(s).

Role of ethics has been gaining importance in recent times due to the growing size of businesses and due to the high impact and effect on the lives of millions of people. The aim and purpose of business is to earn profits and every business tries to maximize its profits. So here the ethical questions are: how much profit is to be earned and at what cost? What will be social impact of it? Will it be beneficial for the society? What are the importance ethical issues that we should keep in applying risk and benefit factor in a business? It is essential to keep in mind these questions because in a market place, beyond a certain point, one man's profit may result at the cost of loss to someone else. There are situations where there is a huge involvement of power, illegal practices in business to earn profit. At such times, the role of ethical code of conduct in business plays a very important role. A good responsible citizen

as a businessman is expected to limit his greed and not to involve in illegal or unethical practices which will harm the common people.

Let us take the example of two friends Raman and Satish. Raman and Satish are very good friends. They lived close by and studied in the same engineering college. They both started their IPO companies separately after doing jobs in MNC's for some years. In Raman's company, the IPO was heavily oversubscribed at the upper hand and if he wanted, he would have charged maximum amount from its subscribers. But in this situation, his management team decided to charge Rs.50 less than it could have. The company voluntarily decided not to take profit from its shareholders. But on the other hand, in Satish's company, the share prices were manipulated to almost twice its earlier prices and then sold at the maximum offering despite share prices have fallen at the time of actual allotment. Whatever Satish's management team did, can we ethical justify such act?

Here if we look at the contribution of Raman's Company towards society is really recommendable. Raman's company has no legal commitment to invest huge sums on esteemed centers like Hospitals, Institute of Social Sciences, and Fundamental Research Centres etc. But Raman does such noble work out of corporate ethics to support humanity and society.

In any business organization from top executive to bottom line employees, ethical conduct is very important. So it very important to make a balance between two things at the same time, that is high level of economic performance at one hand and to conduct ethical business at the other hand.

14.2 DEFINITION OF BUSINESS ETHICS

14.2.1 Business Ethics

There are different branches of applied ethics and business ethics is one of the important branches of applied ethics. Business ethics is a combination of two words-'Ethics and Business' which means application of ethics in business. It is the application of general ethical rules to business conduct and behavior. These are the rules of business by which business activities are judged. Business ethics is the organized applications of value in business and industry. Business ethics focuses on moral standard as they apply to business policies, institutions and behavior. It is the study of morally right or wrong action in business.

It states that business can make profits under ethical guidelines also. Today more and more interest and importance is being given to the application of ethical practices and ethical implications of business.

Business ethics is a kind of applied ethics that evaluates ethical principles and problems that arises in a business world. It is also called corporate ethics. Business ethics means to conduct business in order to give welfare to the society. So, it is the social and ethical responsibility that the businessmen must give a regular supply of good quality goods and services at reasonable prices to their consumers. It is important that they must avoid indulging in unfair trade practices like misleading advertisements, manipulating or fooling the consumers, black marketing etc. They must treat the workers or labors well and give fair wages and must provide good and a safe working condition. Any unfair means to earn profits must be avoided and they must pay all their taxes regularly to the government.

14.2.2 The three C's of Business ethics

A) Compliance: It include the following points:

- Moral Principles
- Laws
- Policies of the company

B) The Contribution: The following are the contribution that business should make towards the society:

- Quality of products/service
- Employment
- The core values
- Usefulness or utility of product

C) The Consequences of business activity:

- Social responsibility toward shareholders, bankers, employee and customers of organization.

- Good public image

Business ethics basically refer to the moral principles which are assumed to govern business activities. The purpose of business ethics is to lay down norms of behavior by the business.

For example:

1. To charge fair prices from the customers.
2. To pay taxes to the government on time.
3. To give fair treatment to the workers.
4. To earn reasonable profits.

Business ethics has grabbed attention due to the many scams and illegal business practices that has been exposed in recent times. In business ethics unethical behavior is not acceptable at any cost. It is very important for the business entity to ensure safety for the consumers and be ethical in business practices. The following are the two examples which show the unethical conduct on the part of business entities:

Metallic Mobile Company: A renowned mobile company named “Metallic Mobile Company” launched LOGO phones in 2010, was sold widely all over the world. But due to the worldwide reports of battery failure, heating issues, phone catching fire, thousands of LOGO mobiles was replaced by new safe phone by Metallic Mobile Company causing huge embarrassment and economic loss to the company. But the new safe phones were again found to have same problems with many customers reporting fire in the replacement phones. Many countries banned on carrying the LOGO phones on planes in checked-in baggage and in the hand baggage. Unable to fix the problem in the phone, the Metallic Mobile Company had to completely stop the sale of the phone across the world. The report suggested that Metallic Mobile Company had to take the loss of about 3.9 billion dollars due to this. Due to this technological failure to ensure safety of the product resulted in economic loss, loss of faith of consumers in Metallic Mobile Company products.

Better-Ride Cars pollution fraud case: Many models of Better-Ride cars were sold all over the world where Better-Ride car company claimed low pollution levels of diesel cars. But later on the Environmental Protection Agency limited (EPAL) found that nearly 540,000 Better-Ride cars sold had special software that was intended to avoid pollution level detection. This software enabled diesel engines in these cars to detect when they are being

tested and to change the engine performance according to improve the test results. Later on Better-Ride Car Company admitted that they cheated pollution tests using this software. This case again resulted in loss of consumer faith and confidence. EPAL also fined the company and a case against Better-Ride Car Company was settled for a penalty of 20.6 billion dollars for the pollution fraud.

Check Your Progress I

Note: a) Use the space provided for your answer.

b) Check your answers with those provided at the end of the unit.

1. What do you mean by 'business ethics'?

2. What is the role of business ethics in the society?

14.3 ASPECTS OF BUSINESS ETHICS

Let us now discuss the two aspects of business: Corporate Governance and Financial Reporting.

14.3.1 Corporate Governance

It basically deals with how businesses are conducted. It is based on ethical policies that are an essential framework of a good, successful business. For example, Mr. Ashok, an honest officer, in public works department, after taking voluntary retirement started a company

named 'Business Ascent' and with his hard work and dedication his company emerged as one of the best managed companies in late 1990s. His company adopted a very good corporate governance practices and performed better than those of many other companies. His company had actually maintained a high degree of transparency while disclosing information to stakeholders and in 2005 'Business Ascent' had been awarded the "National Award for Excellence in Corporate Governance" by the government. Some features related to good corporate governance are as follows:

- All business activities and practices must be based on corporate social responsibility. Making profits in businesses must not be only objectives in any business. It is important that that the corporate bodies must be aware of their responsibilities to the society. They must have basic concerns toward humanity. They have the responsibility towards public safety, public health and public welfare. Thus corporate governance must be concerned with major issues like health, human rights, environment etc, although they are not directly a part of business and they must contribute to sustainable development. This realization towards public good and environment is very important for doing good business.
- It is important for every corporate entity to formulate a code of ethics for ethical functioning of the organization. This must be known to all the clients, employees and stakeholders.
- Corporate governance must stand scrutiny in term of transparency in its dealings, business policies, plans and actions.
- Communication mechanisms and information must be available to all to the extent that it does not hamper business progress. This actually goes well with integrity of business practices and extracting unbiased loyalty from employees.
- The business must ensure principle of equity and justice to all those who are involved in business. This helps in promoting and enhancing dignity, credibility of corporate managements and groups.
- Corporate governance must always look for excellence and development through ethical conduct in this competitive world.

- Governing rules and regulations put forth by the government must be followed and respected by business entity. Any unethical conduct that will damage the image of business world and entity must be avoided at any cost.

14.3.1.1 Ethical Issues in Corporate Governance

Corporate governance is directly related and affects the market value and reputation of the company. So if the company has a poor governance policy, then it may result in reputational damage, loss of capital investment, fines to the organization. It is important that we avoid few common mistakes in corporate governance policies:

a) Insider Trading: Insider trading occurs when share are bought or sold on the basis of classified information. Insider trading is meant to buying or selling a security, on the basis of non-public information about the security. Insiders have an advantage over others investors in market in terms of knowledge, information, a privilege that they could take to gain profits in business. A lack of transparency in business activities may expose the company to penalties from regulatory governing agencies.

b) Over Boarding: The concept of 'over boarding' refers to director or executive who sits and works for multiple number of boards. This could lead to unrestricted time commitments and inability to fulfillment of their duties. Companies consider concerns about overcommitted directors and as a result policies must be adopted for limiting the number of boards on which their directors serve the organization.

14.3.2 Finance and Accounting

Ethics in accounting and finance practices is same as corporate governance. In accounting and finance practices also there are well formulated ethical rules and regulations. It comes into focus after scandal and scams related cases in IT and ITES Company. Let us consider fictitious examples related to scams and scandals: Swaraj Service limited, Jeevan-Kalyan Insurance loan scam. The Swaraj Service limited case showed a total failure where accounting malpractices was done to cover up the diversion of funds and embezzlement and profits was show where none existed. Such unethical practices in Swaraj case showed lacking of transparency in finance and accounting dealings. Jeevan-Kalyan loan scam is also another example where a lot of unethical practices like favoritism and bribery in financial dealings, disregard of rule of transparency by senior managers was reported.

The following are the important canons associated with finance and accounting practices:

- Businesses must follow the well laid-out norms for accounting practices.
- Transparency in accounting practice is important to follow and no attempt should be made to manipulate the accounts that will affect the financial health of the company.
- Business companies must follow well laid-out norms for reporting financial aspects during the annual general meeting (AGM).
- The expenses involved in businesses must be legitimate and there should be no fraud dealings that cannot be reported in the accounts.
- Financial audit has a great impact in the financial practices of company. It has a very crucial social responsibility as it give true information about the financial health of a company.

14.4 CHARACTERISTICS OF BUSINESS ETHICS

The following are the characteristics of business ethics:

Code of conduct: All businessmen must follow the code of conduct. It guide in telling what to do and what not to do for the welfare of the society.

Provides basic framework: Business ethics provides a basic framework for doing a successful business. It provides the social, cultural, economical and legal ground for conducting a business.

Based on social and moral values: Business ethics is based on social and moral values which includes self-control, consumer protection and welfare, integrity, service to society, fair treatment to social groups, no exploitation at workplace etc

Provide protection to social groups: Business ethics provides protection to social groups such as consumers, employees, small businessmen, government, stakeholders, shareholders etc.

Requires education and guidance: Education and guidance are necessary components in order to be acquainted with how to apply business ethics in their businesses. They must be aware of the advantages of business ethics.

Voluntary: Business ethics must be accepted and followed by the businessmen on their own. It must not be enforced by laws.

Respect for employees: It is very important that the owner of the organization must respect his employees. They must value their opinion, treat them with respect and make sure that their efforts are recognized and rewarded.

Relative term: Business ethics is a relative. It changes from one business to another business, from one country to another country, according to the need and requirement of the organization and business entity.

Integrity: Integrity in business organization is an important characteristic to perform regularly and for the healthy environment at workplace. This is because healthy competition is the start of success, management and delivery of good services to the public.

Society's Interests: The main motive of any business is to work toward the development and welfare of the society and public.

Check Your Progress II

Note: a) Use the space provided for your answer.

b) Check your answers with those provided at the end of the unit.

1. What is the importance of corporate governance in business world?

2. What are the essential characteristics of business ethics?

14.5 SIGNIFICANCE OF BUSINESS ETHICS

As it is clear from above the discussion that for a long term bases of businesses, the ethical ground is the very important. In fact many research finders have supported the famous saying:

“Good business ethics promotes good business”. Business ethics not only encourages professionals and professionalism in management but it also helps the businessmen in inculcating values in their lives and purify their inner self. The significance of business ethics are as follow:

A) Positive Consequences: Business with ethics always results in positive consequences. This is because when ethical conduct is followed in business then it build mutual trust, confidence in relationship, acceptance of rules and approval of the society.

B) Inner Satisfaction: In this world, every businessmen are seeking mental peace, self satisfaction, free from tension and anxiety. So it is believed that to attain mental satisfaction, only ethics can promote good business. It is also the social responsibility of the businessmen towards the society that they should not implement unethical conduct to earn profits in their businesses.

C) Goodwill of the Business Organization and Businessmen: Good ethical conduct will always promote the goodwill of both businesses as well as the businessmen. For a successful business, a good public image is important because once a business organization’s image is blemished it direct affect the sales, profits, image of the business.

D) Success and Development: Ethical environment in business ultimately lead to the development and success of business. It is because the sincere hardwork and honest effort of a person make a person moral and help them to achieve success in their efforts in business.

E) New Management: New ethical principles are needed in new management for overall development and honor of the organization.

F) Encourage and motivate others: It motivates and encourages other businessmen also to follow the path of ethical conduct if some businessmen have earned profits by following ethical principle. It also set examples for others also.

14.6 FACTORS INFLUENCING ETHICAL DECISION MAKING IN BUSINESS

The following are the factors that influence the decisions in business:

1. Leadership: The role of leaders towards the achievement of common goal is very important. Leaders are mentor and model that guide, influence and motivate others to work under ethical principles. It is necessary for leaders to set a good examples and ethics in their conduct because where there are good leaders there will be good ethical practices in business.

2. Sustainable Development: An organization must use natural resources wisely and should be ethical in its utilization. So the principle of sustainable development must be followed for the protection of resources for future generations.

3. Corporate Culture: It is a combination of set of values, beliefs, goals, norms that prevail within an organization.

4. Strategy and performance: To motivate and integrate ethical code of conduct into the business strategy, certain questions are always given priority in business, like What do we stand for? What is our aim and objective? What values should we follow for the welfare of the society?

14.7 APPLICATION OF ETHICAL THEORIES: DEONTOLOGY, CONSEQUENTIALISM AND VIRTUE ETHICS

Let us first very briefly recapitulate these three ethical theories one by one, (which have already been discussed in unit 1).

14.7.1 Deontology

The term deontology is said to be derived from Greek word “deon”, which means duty to do the right thing. Charlie Dunbar Broad defined this term as duty or obligatory actions. This theory is credited to Immanuel Kant (also known as Kantian theory). According to him an action is right, if it is done in accordance with the cardinal principles. So here actions have to be performed according to the duties that are prescribed to be ethical. For Kant, we have

duties to ourselves, as we rational beings and autonomous beings. For example: duties to help others, duty not harm others, duty to develop our talents etc. This theory also states that the motive and intention of an action is important and consequences or result of an action is not important. According to Kant Moral duties are defines categorical imperative. They are the commands that we impose on us as a rational beings.

14.7.1.1 Categorical Imperative is based on 3 principles or maxims

Act in such a manner that we can also will at the same time that it becomes a universal law.

Act in such a way that you always treat humanity.

Act like a law-making member of a kingdom of ends.

14.7.2 Consequentialism

According to this ethical theory, the consequence of an action decides whether the action is right or not. If the consequence of an action produces happiness or intrinsic good then that action is considered as right and if it produce pain then action is wrong.

They are of two types:

a. Ethical egoism: If the consequences of an action produces happiness of an individual then action is right.

b. Utilitarianism or Altruistic Hedonism: If the consequence of an action produces happiness for maximum number of people then action is right and if produce pain then it is a wrong action.

14.7.2.1 Utilitarianism

The term “utilitarianism” is said to be propounded by Jeremy Bentham and John Stuart Mill. According to this theory, an action is right if it produces maximum happiness for the maximum number of people and an action is wrong if it produces pain. In this theory, consequence of an action is important, motive and intention are not important. For, Jeremy Bentham all kinds of happiness are qualitatively and quantitatively is same. But for J.S.Mill, there are two levels of happiness: Lower Level (bodily pleasure, momentary pleasure) and Higher level (contemplation, contentment, self-realization).

14.7.3 Virtue Ethics

Aristotle is considered as the most prominent philosopher of this ethical theory. This is one of the oldest theories where virtues are acquired habits that help us to lead a rational life. Virtues are defined as acquired habits to exhibit a proper balance between two extremes (excess and deficiency) of an action- finding a means between two extremes called *Golden means*. According to this theory, an action is right if what a virtuous person would have done in a similar situation. For example:

Virtue	Excess	Golden Mean	Deficient
Truthfulness	Revealing all in violation of fact and confidentiality	Necessary and sufficient , to proper person	Secretive
Courage	Bold	Firm and humble	Cowardice

14.7.4 Case Study

Let us consider a case to see how these ethical theories are useful in deciding what action is to be taken in a given situation:

Mr. Joseph is a successful businessman and his company named 'JK Constructions' got a project of dam construction on Neelkanth River. The salient features of the dam are as follows:

Benefits: Irrigation facility to 1200 villages, drinking water availability to 2450 villages, power generation of 1400 MW.

Download of the project: 120 villages submerged, 1500 families affected, 30,000 hectares of land submerged of which 14,585 hectares are forest land.

If we consider the various ethical theories to justify the construction of such mega project, we face many difficulties. If we consider duty ethics to justify the construction of such dam, then duty ethics does not help because both parties have duties to respect the right of others. If we consider this project from the utilitarianism point of view, there are plenty of benefits in terms of power generation, irrigation and drinking water. However, in this project the large

number of people will be displayed and they will be deprived of their livelihood. It will also cause damage to the ecosystem. While from the point of view of general public good, this project may be adopted and the issues of both rehabilitation efforts for people and efforts to minimize damage to the ecosystem must be taken up seriously and it should be completed also. If we consider this project from the point of view of rights theory, there is definitely a conflict of rights of those benefited and those affected. Morally, the project has a right to exist only when the rights of people affected are taken care of.

14.8 ROLE OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate social responsibility is basically related to operating a business in such a manner that accounts for the social and environmental impact created by the business. It is a commitment towards the responsible business practices with their impact on the society and to report on regular basis to show the progress made towards accomplishing business objectives. CSR reports cover a wide range of issues such as governance, worker safety and welfare, ethical conduct, purchase and supply chain operations, environmental impact, energy audit. Today CSR efforts also focus on social, economical and environmental sustainability. It is a kind of international private business self-regulation which aims to work towards the societal goals of a philanthropic, activist or charitable nature under ethically-oriented practices and conduct.

Types of Corporate Social Responsibility are as follows: environmental, philanthropic, ethical and economic responsibility.

1. Environmental Responsibility: According to this, the organization must work responsibly towards the environment following the principle of sustainable development. There are several ways to embrace this responsibility like reducing pollution, greenhouse effects, increasing reliance on renewable energy, sustainable resources etc

2. Ethical Responsibility: This aim to achieve fair treatment among all employees, stakeholders (includes leadership, suppliers, investors, manufacturers, customers). There should not be any discrimination at workplace on the bases of caste, creed, religion, nationality.

3. Philanthropic Responsibility: This responsibility aims to actively make the world and society a better place to live. It involves donating funds, good services to another organization.

4. Economic Responsibility: It is the practice towards the healthy finance of the organization. The end goal is to earn profits without unethical conduct.

Many industries all over the world are well aware of the importance of CSR. Many organizations have shown recommendable work in their performing their duties towards people, planet and profit.

Community Investment: Based on their heritage and business, the company focuses on the following major areas:

- Strengthening communities
- Improving opportunities for women and minorities
- Helping children and youth to utilize their potential.

Check Your Progress III

Note: a) Use the space provided for your answer.

b) Check your answers with those provided at the end of the unit.

1. What do you mean by corporate social responsibility?

14.9 LET US SUM UP

Business ethics is an important branch of applied ethics where moral principles act as guidelines for business conduct and its transactions. The need of ethical conduct in every business is important because it help in earning profits under the ethical guidelines, keep workers safe, help trade and interactions between companies remain honest and safe and

generally promote principle of equity and fairness in businesses. The reason why business ethics is important can be seen every day on the news where a lot of business scams are heard on daily bases. In recent times we have seen that many corporations are held accountable for unethical and questionable behavior and their brand image is tarnished. So here business ethics enable us make responsible decisions towards public good, public health and public welfare. It helps us in maintaining dignity and honor of the business entity and organization. Business ethics is meant to protect the various social groups of consumers, employees, small businesses, governments, shareholders etc. in an organization. Business ethics provides a basic framework for business which works towards the social, economical, cultural, legal development of the society. Business is basically an organization that includes various social and economic rules and regulations. It covers a person's criteria and behavior guidelines, such as how to behave yourself, how to improve yourself, how to conduct ourselves in business decisions without compromising our core values in our life. Basically business ethics is not against making a real or fair profit. It is only against the profits that we attain through fraud and by cheating the consumers. It supports business activities through fair and legal ways.

14.10 KEY WORDS

Business Ethics: Business ethics is the study of how a business should be conducted under ethical and moral guidelines. It is the study ethical principles which help us in resolving ethical dilemmas and controversial situations in business activity.

Corporate Governance: Corporate governance can be defined as the combination of laws, rules, and operations, processes by which businesses are regulated, monitored, operated and controlled. It is concerned with how the governing board authority manages the business throughout the organization. It works for the benefit of every person that is involved directly or indirectly within the organization which ensures that the enterprise follow formal laws, ethical standards and reasonable and acceptable practices.

Corporate Social Responsibility: Corporate social responsibility is an important form of management concept whereby business organizations and companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. It is a company's commitment to responsibly manage the social, economical and environmental impact of its operations within the boundaries of public expectations. It

describes how a company gives back or improves the community. CSR is a very important factor in business world because it not only increases business, profits and revenue but they also promote change and progress throughout the world.

14.11 FURTHER READINGS AND REFERENCES

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14.12 ANSWERS TO CHECK YOUR PROGRESS

Check your progress I

1. Business ethics can be defined as an ethical code of conduct and principles that govern decisions and actions within the business organization. In business world, the organization sets a standard of morality for guiding the actions and justifies the decisions in business. It examines ethical issues that may arise in the business environment.

2. The role of business ethics in society is very important for a variety of reasons. It keeps the business to work within the boundaries of the ethical conduct and laws. It also ensures that they aren't committing any crimes against their customers, stakeholders, employees, staffs, workers. It helps the business entity and businessmen to achieve success and earn profits in the society. Business ethics also build trust between the business companies and the consumers. Following ethical code of conduct in business is also highly appealing to investors and shareholders. High ethical performances by the employee not only help in

achieving profits but also attaining integrity as an individual. Overall, the role of business ethics plays a crucial role in achieving trustworthiness, respect, fairness and integrity among employees, workers, businessmen and consumers. The ethical conduct is not only important in business but also in all aspects of life. It is an essential part for the foundation of civilized society. A business or society that lacks ethical behavior is bound to fail sooner or later.

Check your progress II

1. The corporate governance is very important in business world because it play a crucial and essential role in development and success of any organization. The good corporate governance practices offer many lessons to corporate world. It helps in increasing shareholder wealth and safeguarding the interests of other stakeholders. Corporate governance provides a well-defined and enforced structure that works for the benefit of employees, employers, customers under the guidance of ethical code of conduct. Without a good corporate governance, the financial health of a any business organization could be damaged soon or later.

2. The essential characteristics of business ethics are as follows:

a. **Respect for employees:** A true and a good businessman recognize his employees' contribution to the success and development of the business. b. **Core values:** Every organization has a set of ethical codes to achieve success in business and to enhance the image of business organization in public. c. **Integrity:** Integrity is very important to maintain both at personal and professional life. There will be a situation where you will be tempted to compromise your value for profit, but we should do just the opposite if we want to be an ethical businessman. d. **Safe working environment:** An ethical businessman must not only respect his employees but also provide a safe working environment for the people who work for them. e. **Voluntary:** The businessmen must follow business ethics voluntarily as self-love. It must not be compelled by law and force.

Check your progress III

1. Corporate social responsibility is an important concept in business world where companies merge social, moral, economical and environmental concerns in their business operations and interactions with their stakeholders. It is the idea that a business has a responsibility towards the society. It is meant to protect the environment, to create a work environment that enhances employees' quality of life.