

Corporate Ethic Policy

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Summary. The article deals with the general concept of business ethics, a corporate code of ethics and corporate social responsibility. Corporations take pains to promote sustainability through codes of ethics and their efforts are positively received by consumers.

Key words: business ethics, profit, a corporate ethics, the code of ethics, corporate social responsibility.

Ethics is an important part of life and running a successful business is no exception to this. The Cambridge Dictionary of Philosophy states that the word ethics is "commonly used interchangeably with 'morality' ... and sometimes it is used more narrowly to mean the moral principles of a particular tradition, group or individual" [1].

Corporate, or commonly called, business ethics, is a set of beliefs to which a whole company adheres and that governs its behavior in the ways it conducts business. To become successful, a business needs to be driven by strong ethical values. The mindset of a businessman creates a mindset for his/her company, which in turn sets the work culture of the business organization. For a business to prosper and maintain its wealth, it ought to be founded on certain ethical principles. A business that is based on ethics can run successfully for long years [2].

Nevertheless many global businesses, including most of the major brands, can be seen not to think too highly of good business ethics. Many major brands have been fined millions for breaking ethical business laws. Money is the major deciding factor. Moneymakers who do not heed to ethical values can only earn a short-lived success. To last long in the market, business ethics is essential. The ethics of a particular business can be diverse. They apply not only to how the business interacts with the world at large, but also to their dealings with a single customer. Good business ethics should be a part of every business.

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There are many factors to consider. When a company does business with another that is considered unethical, does this make the first company unethical by association? Some people would say yes, the first business has a responsibility and it is now a link in the chain of unethical businesses. Profit focus, therefore, often becomes the mandate among many business executives and managers. Creating sound, sustainable profit seldom produces problems in business ethics, but many businesses emphasize profit to the point that stakeholders are negatively affected. Problems of such nature are manifested in creating profits from quality reduction, creating profits through the decrease of operational expenses that result in failure to meet consumers needs, and retaining more profit by reducing employee pay and benefits or cutting some compensation measures all together. When some stakeholders profit at the expense of other stakeholders a contradiction of business ethics arises in that maximizing profit appears to encourage greed, rather than prudence, bringing into question whether even the interest of the business is served in the long term.

There are a million ethical issues in today's businesses and unfortunately there is no perfect decision measurement for all these issues. Economics suggests that business and production do not go hand in hand with environmental and societal ethics, due to the two being mutually exclusive events. Let us have a look at the ethical issues in business. Ethics often sacrifices profits and the idea is to find the optimal balance between the two. This is where business ethics come in to the picture, to avoid a conflict between personal gain and social benefit. The issue of dishonesty toward customers in the quest to make as much money as possible is one of the more common factors of the relationship between corporate ethics and customer relation. For instance, in the United States, every year, after the Thanksgiving holiday, there is a day known as Black Friday when stores compete with each other to slash the prices of goods and services. On that day, a television that would normally sell for \$1,200 US Dollars (USD) might be sold for \$500 USD. What the various manufacturers and marketers fail to tell their customers is that such items have been specially made for this particular period and that they are inferior to the expensive ones, even if they look the same on the outside.

If a company does not adhere to business ethics and breaks the laws, they usually end up being fined. Many companies have broken anti-trust, ethical and environmental laws and received fines worth millions. The problem is that the amount of money these companies are making outweighs the fines applied. Billion dollar profits blind the companies to their lack of business ethics, and the dollar sign wins.

A business may be a multi-million seller, but does it use good business ethics and do people care? There are popular soft drinks and fast food restaurants that have been fined time and time again for unethical behavior. Business ethics should eliminate exploitation, from the shop children who are making sneakers to the coffee serv-

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ing staff who are being ripped off in wages. Business ethics can be applied to everything from the trees cut down to make the paper that a business sells to the ramifications of importing coffee from certain countries.

In the end, it may be up to the public to make sure that a company adheres to correct business ethics. If the company is making large amounts of money, they may not wish to pay too close attention to their ethical behavior. There are many companies that pride themselves in their correct business ethics, but in this competitive world, they are becoming very few and far between.

Generally, the business ethics policy is guided by some standard principles that are universal. The first basic principle is honesty; the business should vow to always tell the truth without misleading people. The information given out should be true to the type of relationship involved. The other principle is quality assurance; this makes the business deliver what it promises in quality, quantity, and in the time promised. The business should go to lengthy measures to fulfill their commitments.

The corporate ethics policy should also demand fairness and respect on all business management ethics adapted. This leads to unquestionable business ethics practices that do not segregate nor discriminate on the bases of class, race, religion, health, education and many others. All the people coming into contact with the business are treated equally. The respect should be directed to all the employees, the customers, supplies, the government and the society at large.

Even when the company is faced with personal, professional, and social conflicts, it should stand by its ethical stand. No pressure should compel them to stray from their business ethics and values.

The most basic corporate ethics concepts can be summed up as the values of *honesty, integrity and fairness*.

Honesty applies to every part of running a business while making a profit. Honesty has to do with ethical advertising and a reasonable cost for the quality of the product or service as well as the company keeping its word to everyone it deals with and in everything it does. Honesty also relates to fairness and integrity as it means telling the truth to others. Honest businesses sell quality products at reasonable prices. They make a profit through ethical business strategies rather than trying to take advantage of others through dishonest pricing.

Integrity covers a wide range of ethics, but includes issues such as social and environmental responsibility. Integrity in business includes the social aspect of being considerate and fair to others while at the same time realizing a profit. It also means keeping agreements and promises. Whether an employer promises an employee a raise or a vendor agrees to supply top quality merchandise, the basic business ethics concepts of integrity mean keeping one's word and following through. Dependability and telling the truth are basic integrity ethics concepts that are used in all aspects of busi-

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ness from serving customers to hiring and firing employees.

Fairness is one of the very basic concepts in business ethics in that it can refer to the simplest form of treating all people in commercial dealings, whether buyers, employees or customers, fairly. Ethical business dealings should be profitable or beneficial for both parties. Ethical business concepts of fair play include the fact that profit must be made, but not at the expense of deception.

Business ethics and profits are often in complete opposition. Businesses may often encounter circumstances where they have an opportunity to increase or protect profits by ignoring certain ethical standards. Sometimes companies may do unethical things, like dumping illegal toxic materials into the environment or selling faulty products without warning customers, as a way of maximizing earnings. Even though there are some obvious reasons for business ethics and profits to work against each other, many experts believe that this isn't necessarily always true. A bad reputation can hurt a company in a big way in the long run, and sometimes a major ethics scandal can destroy a company completely. Many companies that put ethics at the forefront of their thinking often do very well from a financial perspective in comparison to those who may lack in that area. Some experts believe this is because a heightened concern about the company's reputation is an indicator of good overall management, ultimately leading to success in every aspect.

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