

Ethics as a Lifestyle

by Sophia



WHAT'S COVERED

Do you consider yourself to be an ethical person? Do you know someone that you consider to be unethical? If so, why? This raises an interesting question: what does it mean to be ethical? This tutorial will cover ethics as a lifestyle, including an overview of business and managerial ethics. Our discussion breaks down as follows:

1. What Is Ethics?

1a. Business Ethics

1b. Managerial Ethics

2. Ethical Behavior and Norms

3. Culture of Ethics

4. Ethics and Values

1. What Is Ethics?

Ethics is simply the principles of right and wrong and the morality of the choices involved.

Now, it's also important to define what ethics is *not*. Ethics is not emotions or religion. It's not science or norms of a society, necessarily. It's also not simply following the law, because it's perfectly possible to follow the law yet be an unethical person.



TERM TO KNOW

Ethics

The principles of right and wrong and of the morality of the choices.

1a. Business Ethics

Business ethics is closely tied to what ethics is. It's the principles of right and wrong of the morality of the choices made in the *business* world. Essentially, what we're doing is taking the principles or the definition of ethics and applying it to business.



Whether you're looking at business ethics or other types of ethics, ethical people will always follow the same ethical principles *all the time*, not just when it suits them.



Business Ethics

The principles of right and wrong and of the morality of the choices made in the business world.

1b. Managerial Ethics

Managerial ethics is simply ethics again. It is the principles of right and wrong and of the morality of the choices made in the context of *management*.

Managerial decisions impact employee behavior. How you hire or fire, the wages that you pay, or the working conditions at your business are all ethical decisions, and they can greatly impact employee attitudes and productivity.

Managerial ethics decisions can also impact behavior toward an organization. Do you have conflicts of interest or allow them? A **conflict of interest** is simply a circumstance in which a person's or organization's private interests could potentially interfere with their professional duties or decision-making. This conflict can lead to bias and compromise the integrity of decisions made in the business setting.

⇒ **EXAMPLE** For instance, if you have an employee working for you, who also works for a direct competitor, they would have a conflict of interest because they have interest in two different places. Or, a manager might have a personal relationship with a supplier and favor that supplier when making purchasing decisions, even if there are other suppliers offering better quality or price.

Is customer information kept confidential? **Confidentiality** is simply keeping private trusted data out of the hands of the public and other people who don't need to see it.



We hand our personal information, like credit card numbers, to a lot of different people online when we are shopping. What do you think it would do for a business if we suddenly found out that our information wasn't as confidential as we thought it was? That would have a big impact on that particular business.

Collusion is an attempt by business to conspire to the detriment of customers, businesses, or the general public.

⇒ **EXAMPLE** A classic example of collusion is price fixing, which refers to competitors working together to raise prices or manipulate the stock market in order to get more profit by charging more for their product. Lastly, managerial ethics decisions can also impact behavior toward economic agents, such as your customers or your competitors, stockholders, and suppliers. Competitors can take advantage of unethical behavior, and then customers may not want to do business with you anymore.



Managerial Ethics

The principles of right and wrong and of the morality of the choices made in the context of management.

Conflict of Interest

A circumstance in which the judgment of an individual or group may be impaired because of a difference in primary and secondary interest.

Confidentiality

Keeping private trusted data out of the hand of the public and other people.

Collusion

An attempt by businesses to conspire to the detriment of customers, other businesses, or the general public.

2. Ethical Behavior and Norms

A business assesses ethical behavior in the following ways:

1. They have to listen, learn, and collect the facts about the decisions that they've made.
2. They create and analyze those facts and relate them to moral values that are appropriate to that condition.
3. They make judgments based on the rightness and wrongness of the situation.
4. Some businesses add a fourth step by editing those practices in order to limit unethical behavior.

There is also a set of ethical norms that are important to consider for each particular case involving a question of ethics:

- Utility: What's best for the organization as a whole?
- Fairness: Can this decision be considered fair and just?
- Rights: Are the rights of other people being infringed upon?
- Care: Is this a thoughtful way to be responsible and kind to the other parties?

As mentioned before, these need to be considered in each case, and each case is not always clear-cut. There are also other factors that may affect your decision, such as:

- Individual factors, such as an individual experience of the person making the decision, or their own personal values and goals
- Social factors, such as the cultural norms for the country or environment that you're working in. What are your coworkers doing or thinking?
- Relationships with your stakeholders and the persons within your organization
- Technology, which could play a very important role

Keep in mind, these factors are by no means an exhaustive list.

3. Culture of Ethics

Now, businesses can encourage or discourage ethical behavior. One of the ways they do this is through a written guide that defines the policies and standards of the business, which is called a **code of conduct**. This is an organizational set of rules that encourage responsibility and ethical behavior.

Businesses can also help set up an ethical environment. You see, businesses have to have an environment or a culture that encourages not only participation in the ethics program, but also rewards that participation and ethical behavior. One of the ways to do that is to have an employee representative that looks at each case and is responsible for the ethics of those decisions. The program should be company-wide; it shouldn't be limited to one particular set of people within an organization. The size of the company is simply the scale of the program.



TERM TO KNOW

Code of Conduct

Organizational rules to encourage responsible and ethical behavior.

4. Ethics and Values

An ethical business person should do the following:

- Follow a core set of beliefs, and those beliefs should be used regardless of the circumstances.
- Behave in accordance with those beliefs all the time, not just when it suits them or when it is convenient.
Do you run a red light when people aren't looking?
- Encourage right and discourage wrong. They should actively strive to be right and ethical and discourage unethical behavior.
- Act in line with others' advice on how to be an ethical person.



SUMMARY

Today we learned about ethics as a lifestyle, by answering the question, "**What is ethics?**" We learned how the definition of ethics applies to **business ethics** and **managerial ethics**. We also learned about **ethical behavior**, the **culture of ethics**, and **ethics and values**.

Good luck!

Source: adapted from sophia author james howard



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Ethics

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Managerial Ethics

The principles of right and wrong and of the morality of the choices made in the context of management.