

History, definitions and benefits of Business ethics

Bc. Dominika Maloňová M20681

Bc. Pavlína Steinbocková M20917

Essay
2021

 Univerzita Tomáše Bati ve Zlíně
Fakulta managementu a ekonomiky

CONTENT

1	INTRODUCTION	3
2	HISTORY AND PRESENT OF BUSINESS ETHICS	4
3	DEFINITION OF BUSINESS ETHICS.....	7
4	BENEFITS OF BUSINESS ETHICS	9
	CONCLUSION	13
	RESOURCES.....	14

1 INTRODUCTION

At this time it is very important for businessman to focus on business ethics for several reasons, which will be described here. Companies that are not interested in business ethics don't have much power. Therefore, future entrepreneurs need to have an overview of the basic, ethical knowledge that this essay will introduce us.

This essay is focused on the problematics of business ethics. The aim of this paper is to outline the history, key definitions, and benefits. Which relate to the respective topic.

In the first part of the essay we will explain the history of business ethics.

The second part explains the most important definitions to introduce the topic. We'll talk about the importance of business ethics.

In the final part, we will introduce the benefits of ethics in business and what an organization should be aware of in order to maintain these benefits.

We will get the information from relevant sources that can be found on the internet and in the books.

Aims

- The first aim of this essay is to define the needs of good business ethics.
- The second aim of this seminar work is to define the basic principles of business ethics

2 HISTORY AND PRESENT OF BUSINESS ETHICS

Before we move on to the main problem of business ethics, we put the topic into a historical context. In 2016, exactly two decades have passed since the 6th Polish Philosophical Congress, which appeared in Toruń. For the first time in the history of Polish conventions, business ethics was approved as a philosophical sub-discipline. The subject of ethics in history falls into the field of philosophy and practicality. (Wojciech, 2017)

Another way we can look at the history of business ethics is influenced to some extent by our views on ethics as such. Within a given essay, we can also perceive it as a social practice. (Abend, 2016)

When we turn to the developmental stages of ethical thinking. Socrates was one of the first ethical philosophers. Socrates believed that through rational processes or reasoning we could know the truth from a lie. Socrates was trying to teach that man has the moral capacity to act rationally. He explained that "knowing good is doing good." (Detienne, 2021)

Then it continues to modern ethical concepts from the beginning of the 19th century. We are already talking about analytical ethics. Ethics is explored in more depth. The last stage of development is postmodern ethical thinking, which is perceived as the most important stream of ethical thinking. (Seknička, 2016)



Picture 1 Socrates

When we focus on the current perception of ethical thinking in societies, a lot has changed in the last 200 years. There have been a number of major changes in industrial companies,

both in business practice and in business intensity. Further changes are expected. As part of this development, what could be called a job for business ethics has also changed and expanded. As a result of various events initiated by those who deal with business ethics. It is worth emphasizing that these are mainly HR professionals working in specific companies. Who follow certain laws of ethics and have adopted professional codes within the organization. As a result, HR professionals provide training to address moral issues for employees and seek to raise awareness that companies are accountable to the public and must act responsibly within ethics. (ABEND, 2016) Today is very progressive and innovative. This way, HR professionals can use a variety of modern technologies to educate their employees. These methods include e-learning, which includes webinars, the provision of a digital library for employees or the use of various educational facilities. (Dytrt, 2006)

In addition to modern online technology, human resources also have other modern methods for educating and cultivating business ethics. This is mentoring and leadership, where an experienced manager uses the following methods to try to pass on opinions, skills or experience to a new employee. Training is one of the main tasks of a responsible personnel officer who greatly contributes to the ethical development of the company. (Seknička, 2016)

Certainly is a good thing that some businessman are trying to devote themselves to ethical thinking these days. This fact will ensure greater value for the company. And it will reduce the negative impact on the organization's stakeholders. It can also prevent various conflicts in the company and employee turnover. And this is in any case beneficial for companies.

Own word: We personally observe a big leap in business ethics of the last 5 years. Of course, there has been great progress here years before, but in the past, ethics has focused on a very similar content. The first big leap we see was the inclusion of women in higher positions and the raising of women's wages.

In recent years, on the other hand, we have observed that women can run businesses or be managers without major complications. On the other hand, we also see innovations in that companies try to employ people 50+. However, this group still has a big problem. Therefore, many of them are more comfortable staying dissatisfied with their current job. But why should the 50+ age group still want a change of job? In our opinion, it is not just about satisfaction. Let's say they have another 15 years of work ahead of them. So they have plenty of time for career growth and can still learn a lot.

News in business ethics are also in the modernization of corporate culture, which does not despise dark-skinned people and takes them as equal, or which also accepts homosexuals or people who have decided that they do not belong to any gender.

3 DEFINITION OF BUSINESS ETHICS

One way how to understand business ethics is to perceive this ethic as a discipline run on the border of ethics as an industry, practical philosophy and managerial activity, which in many cases is associated with economics, banking, business and other forms of business. It is an organized study of moral problems that arise in business, industry and other related areas. (Wojciech, 2017)

Everyone can define their own ethics. This is when he thinks about certain issues in the field of philosophy. It is important to ask the question to yourself. As an example, let's think about the questions: What's good? What is wrong? Is that fair? Where did evil and good come from? People have been trying to answer the following questions since the beginning of their existence. But a common view is difficult to define. It is worth noting that in answering the given questions lies our morality, which everyone has rooted in himself. And each of us engages it in a different way. You could say that morality is the individual bible of each of us. (Seknička, 2016)

In fact, there are gaps between how people really feel about morals and ethics and how they act in reality. This discrepancy occurs for many reasons, not least because we prefer some standards to others. We may also face resistance and opposition from others. There is also the possibility that we have made too high commitments. In addition, it should be noted that certain people, whether entrepreneurs or doctors, do not act in accordance with their moral principles, and this is perceived as hypocritical behavior. (Abend, 2016)



Picture 2 Culture in the company

Another concept that is closely related to ethics is the concept of morality. Morality is a term that originated in the Old Slavic period. And in translation, it is a word of custom, custom, or morality. This concept is associated with people who adhere to moral rules even in their practical actions. These are people who are oriented to the good side. With the help of these individuals, one can find out where to look for good. If we always want to be on the right side, it is appropriate to keep pace with such people. Nowadays, we meet a lot of people who do not respect moral principles in reality and such meetings usually result in bad life situations. For this reason, it is necessary to be able to distinguish hypocrisy from morality. (Seknička, 2016)

Then we have the concept of morality. Which has already been mentioned in the essay. In the past, the terms morality and morality were taken as synonyms. This is not the case today, and it is necessary to see the differences that distinguish the words. One difference is that morality is reflected by one's own conscience, but morality does not have to be reflected by one's own conscience. Morality is governed by a certain order. For example, when we adopt specific school rules, and then we behave according to its principles. Morality is a rather general concept. (Seknička, 2016) Even if we have the ability to think well, it does not always lead to moral behavior. Morality is very important for human existence, but thinking is only one of several human skills. In any case, morality and morality are an integral part of business ethics. (Detienne, 2021)

4 BENEFITS OF BUSINESS ETHICS

And what are the benefits of following ethical behavior? Whether in our business or in our lives. We have several such advantages.

Now that we focus on business ethics, today the ethical behavior of managers is very important to the success of an organization. It could be said that ethics is a key element that determines the overall progress of a company. Today, great emphasis should be placed on adherence to ethical standards in organizations. It has been found that managers who do not adhere to ethical standards bring poor business results in the long run. Not only is a company that adheres to ethical standards more advanced, but it also has better results in the long run. Which result from the right decisions of managers. (Bulog, 2017)



Picture 3 Team work

For most managers who have poor ethical performance, they usually are, for example, selfish behavior or unreliable behavior. Despite the fact that they have perfect conditions for working in their field. Overall, it is stated that unethical behavior manifests itself most in the relationship between superior and subordinate. This issue could be related to the fact that managers may feel competition in subordinates and start behaving unethically towards them. As a result, employees have a negative attitude towards their work. And this unit then shows

poor results not only from the management, but also from the entire organization. Unfortunately, there are many organizations that show poor ethical performance. For this reason, it is necessary to clarify the benefits of adhering to ethical principles for our organization. (Bulog, 2017)

One of the important points in adhering to corporate ethics is that customers perceive which company is ethically oriented and which is not. And within these facts, they then decide which organization they prefer. This fact alone is very necessary for organizations to implement ethical standards in their organization. (Bulog, 2017)

As already mentioned, ethical companies are more successful overall, due to the fact that they are dominated by a positive climate and awaken self-confidence and the possibility of development in employees. Ethical companies are more profitable, have a lower stress factor for employees, have stronger management than other organizations, and definitely have a better reputation with customers. And for all this, zero costs are enough only to comply with ethical standards, which are introduced into the company through a code of ethics. (Bulog, 2017)

Codes of ethics are the most practiced tools of ethical management. It is primarily a tool applied for prevention. This trend, in the form of applying a code of ethics, has historically been used primarily by advanced, Western companies. In the Czech Republic, according to research from Bentley College at the turn of the new millennium, only 20% of large corporations use the code of ethics. Over time, managers become aware of the usefulness of a code of ethics. Not only does it help in difficult situations, but it also forces management to reflect on the functionality of their organization. The codes are based on practical experience and knowledge of business ethics, which are subsequently regulated by a legal norm. And this processed unit then has huge benefits for organizations. We talk not only about the benefits for the company, but also for its surroundings. To which the state and customers belong. Codes of ethics reduce corruption, increase trust in business, force the company to comply with rights, improve the company's approach to customers and provide many other, effective benefits. (Seknička, 2016)



Picture 4 Gender balance

If, we have already given several reasons why to apply ethics to their business, then why do not all managers apply ethical principles to their organization? There are many managers who do not work in an ethical environment, even if they would like to apply ethical principles. As a result, other business partners who are unethical will not allow it. And ethical-minded entrepreneurs are mistaken in believing that they should behave just like their surroundings. There is also the possibility that managers are afraid that they will complicate their lifestyle through ethical behavior. Ethical principles need to be very much fixed if we are to understand them, and this will change our overall worldview to some extent. Not everyone has to accept this change. Other managers are also unsure whether business ethics in their organization would pay off. They have the success of unethical companies as a model. Unethical companies can succeed, but only in the short term. In the long run, companies must be able to apply the rules associated with corporate culture. Only then can the company be successful in the long run. Therefore, it is necessary for managers to take into account the above benefits that the application of ethical principles brings to the company and its surroundings. And they avoided these mistakes. (Dytrt, 2006) The hope is certainly that with a better understanding of these practices, organizations can put in place structures to lead employees to more frequent and consistent ethical behavior. But it is clear that business researchers are still here and still working to discover what in reality

encourages ethical behavior that leads to maximizing the organization's profits and improving corporate culture. (Detienne, 2021)

Own word: The benefits of business ethics are definitely for us both from the point of view of the employer and from the point of view of the employee.

What are the benefits for our employees?

A company that has its culture set up correctly can be a pleasant environment for employees, where they do not mind spending a large part of their time. Such a company goes hand in hand with a stable team, which is then the reason why fluctuation is not high.

What are the benefits for employers for us?

When an employee feels good in the company, then in his free time he talks positively about the company among friends or family. This increases the image. Overall, when a company allows employees to be satisfied in their work, we increase its attractiveness in the job market.

CONCLUSION

This seminar work was structured into the chapters. Each chapter is focused on a specific topic related to business ethics.

The aims which are proposed in the introduction were observed and answered in the structure of this essay.

At the end of this seminar work, we would like to point out how important it is to pay attention to business ethics at this time. The goal for every employer should be to make their employees satisfied and stable. This fact brings a positive view of the company as such.

Paradoxically, an employee can find a job more easily than an employer's employee at this time. Of course, it depends on the field.

RESOURCES

ABEND, Gabriel. How to Tell the History of Business Ethics. *Zeitschrift für Wirtschafts- und Unternehmensethik* [online]. 2016, **17**(1), 42-76 [cit. 2021-11-01]. ISSN 1439880X. From: doi:10.5771/1439-880X-2016-1-42.

BULOG, Ivana and Ivan GRANČIĆ. The Benefits of Business Ethics - Ethical Behavior of Decision Makers: the Empirical Findings from Croatia. *Mediterranean Journal of Social Sciences* [online]. 2017, **8**, 9-14 [cit. 2021-11-01]. ISSN 20399340. From: doi:10.2478/mjss-2018-0067.

DETIENNE, Kristen Bell, Carol Frogley ELLERTSON, Marc-charles INGERSON a William R. DUDLEY. Moral Development in Business Ethics: An Examination and Critique. *Journal of Business Ethics* [online]. 2021, **170**(3), 429-448 [cit. 2021-11-01]. ISSN 01674544. From: doi:10.1007/s10551-019-04351-0

DYTRT, Zdeněk. *Etika v podnikatelském prostředí*. Praha: Grada, publishing, a.s, 2006. ISBN 978-80-247-6311-8.

SEKNIČKA, Pavel and Anna PUTNOVÁ. *Etika v podnikání a hodnoty trhu*. Prague: Grada, publishing, a.s, 2016. ISBN 978-80-271-9146-8.

WOJCIECH W. GASPARSKI. A brief history of Business Ethics here and now. *Annales Etyka w Życiu Gospodarczym* [online]. 2017, **20**(7), 7-21 [cit. 2021-11-01]. ISSN 18992226. From: doi:10.18778/1899-2226.20.7.01

PICTURE LIST

Picture 1 Socrates.....	4
Picture 2 Culture in the company	7
Picture 3 Team work.....	9
Picture 4 Gender balance	11