# Social Responsibility Issues in Business

Business ethics is a paramount and critical component for the success of any business venture. Business ethics entails applying professional ethics and principles to detect and mitigate ethical issues in a corporate environment (Goodpaster, 1993). Observing ethics is advantageous to a business in some ways. A business ethics program can reduce costs, sustain long-term growth, increase profits, reduce risks, and enhance productivity, competitive position and performance.

## Business ethics program increases profits and sustains growth

Businesses implementing a business ethics program enjoy a long-term growth and increased profits. McMurrian and Matulich (2016) point out that a business ethics program enables a business venture to be more reliable. The program includes processes and mechanisms which a business uses to ensure that it complies with existing laws. Due to such efforts, stakeholders and shareholders’ confidence increases. They are certain that the business is committed to practicing ethical and lawful operations. The confidence opens a door of opportunities as share value rises. The business thus enjoys access to more credit and capital for investments. More investments translate to increased profits and consequently sets the business on a growth trajectory. A business ethics program also facilitates honesty and accountability in the day-to-day running of a business. This is because accountability is an important business virtue in promoting proper utilization of available resources. Such utilization of resources and management of finances results to justifiable profitability and sustainable growth.

## Business ethics program reduces risks

All businesses face many risks. Irrespective of strict compliance with the stipulated rules and regulations, the risks pose a threat to the business’s existence. For example, a business may be debarred from accessing governmental contracts and partnerships due to giving or receiving an inappropriate gratuity. In the eyes of the law, exchanging gifts between parties intending to conduct business together may be viewed as unethical practices. Moreover, a business may face a risk recalling its products due to failure to conform to the laid out standards. Such a risk has innumerable losses and has the potential of crippling a business. Employee conduct also poses risks to a business. Conducts such as sexual harassment attract huge legal problems. Legal suits are expensive and time-consuming. They may, therefore, consume a huge chunk of business resources. Other risks facing business are losing valuable employee time due to safety and health problems; being blacklisted due to unethical behaviors; and criminal prosecution.

However, a business ethics program can help minimize the risks. Implementing an ethics program helps a business to identify, manage and assess all risks which may arise due to unethical practices. To do so, an ethics program assesses the risks, establishes appropriate procedures and standards, and monitors all auditing processes. Business owners can confidently make future business plans as the ethics program minimizes risks affecting the business capital, reputation, and earnings. In addition, a business ethics program helps to identify operational risks. They include fraud, embezzlement, and mismanagement of finances. Identifying the risks early enough gives a business owner ample opportunity to put measures in place that will prevent them from occurring (Velasquez and Velasquez, 2002).

## Business ethics enhance competitive position, performance, and productivity

A business ethics program also enhances the performance, competitive position, and productivity of a business. It enables all business stakeholders to work harmoniously since it facilitates high ethical practices. As a result, there is a rise in trust, respect and shared values among employees which, in turn, translate to increased output. Additionally, a business ethics program reduces unethical employee conducts which may harm the business. Reduced unethical practices enable a workforce to focus more on their assigned duties. The overall performance hence increases.

Besides, a business ethics program ensures that the highest ethical standards are followed in all operations. This enhances the product quality which is the driving force behind a successful enterprise. One way that a business ethics program improves product quality is through dealing with reliable and trusted suppliers. Rather than obtaining supplies from every supplier, business deals with suppliers who guarantee timely delivery of supplies. A consistent flow of supplies is a sure way of maintaining product quality. Quality enhances the competitive position of a business. Consumers prioritize quality products.

Also, observing ethical practices boosts employee morale. According to Tumasjan and Welpe (2015), employees regard ethics as fairness in business operations and compensation. They become motivated to work harder for they are certain of fair rewards and remuneration. Improved morale causes increased innovation and productivity. Thus, the business enjoys a strengthened competitive position compared to other businesses in the same industry. Without a doubt, a business ethics program enhances competitive position, performance, and productivity.

## Conclusion

A business ethics program is indeed advantageous to a business or enterprise. The major objective of any business is profitability and growth. Implementing an ethics program is a reliable way for a business to achieve the objectives. Additionally, other goals including productivity, performance and enhanced competitive position are realized through implementing a business ethics program. However, so as to achieve the desired objectives, a business has to ensure that risks are kept to a minimal. A business ethics program identifies, assesses and assists in managing such risks. They are reduced, effectively allowing the business to focus on other important operations.

## References

Goodpaster, K. E. (1993). Business ethics. *Wiley Encyclopedia of Management.*

McMurrian, R. C., & Matulich, E. (2016). Building customer value and profitability with business ethics. *Journal of Business & Economics Research (Online), 14*(3), 83.

Strobel, M., Tumasjan, A., & Welpe, I. (2015). Do business ethics pay off? *Zeitschrift für Psychologie/Journal of Psychology.*

Velasquez, M. G., & Velazquez, M. (2002). *Business ethics: Concepts and cases* (Vol. 111). Upper Saddle River, NJ: Prentice Hall.