Ethical Principles for Business

Whether you work for a small business or a major corporation, following ethical principles matters.

The most recent lesson on the importance of business ethics came with the Wall Street collapse, as once highly esteemed financial institutions made headlines for their bad choices and questionable behavior.

While businesses have to meet economic expectations, they also have ethical responsibilities. Everyone, from the bottom to the top of the organizational chart, must take care to meet these responsibilities.

According to Dr. Jill Young, an instructor in South University’s College of Business, integrity is the most important ethical concept because it covers such a broad area. “If you act with integrity, ethical behavior is just a natural progression,” she says. “Those who have integrity are guided by a set of core principles that influences their decisions and behaviors.”

People with integrity value other principles, including honesty, respect, personal responsibility, compassion, and dependability. These qualities are integrated into the Six Pillars of Character offered by the Josephson Institute, a nonprofit organization that develops and delivers services and materials to increase ethical commitment. The pillars are:

- Trustworthiness
- Respect
- Responsibility
- Fairness
- Caring
- Citizenship

“The overriding principle that you have as an individual is you have to make the right decision,” says Rich Jarc, executive director of the Josephson Institute. “That is sometimes very difficult because a decision may be easier, but it is not right. So it takes more of a personal challenge to do the right decision.”

Jarc says making the right decision can also be difficult when it calls for the employee to look beyond the scope of their current duties.

“So, what is the right thing to do? It depends on the responsibility the executive has,” he states. “Most of us know what has been assigned to us and if we see something beyond that scope, it can tell us it’s time to bring it to someone else’s attention.”

“If you look at any profession, if you ignore something that is wrong, it could end up being a big problem,” Jarc adds.

Young says one of the ethical concepts in business that she highlights in her Business Ethics courses is the importance of executive leadership support of ethical practices within organizations.

“If it does not come from the top leadership, it will not permeate through the rest of the organization,” she states. “Employees look to their top leaders for the behaviors they are expected to model.

“The main point I want to emphasize to my students is that ethical business practices are not necessarily the most profitable methods in the short term, but they are essential for long-term organizational survival,” Young continues.

However, behaving in an ethical manner can create positive business results. A business environment that promotes and upholds strong values is usually a happier and more productive workplace, Jarc says, and customers receive good service so they keep coming back.
In addition to work behavior, Jarc believes that ethical principles should guide our personal and professional lives.

“Being ethical requires looking at universal values and that is the decision matrix people can use in their business and personal lives,” Jarc says.

Business Ethics for Executives

In addition to the Six Pillars of Character, the Josephson Institute offers 12 Ethical Principles for Business Executives:

- Honesty
- Integrity
- Promise-Keeping & Trustworthiness
- Loyalty
- Fairness
- Concern for Others
- Respect for Others
- Law Abiding
- Commitment to Excellence
- Leadership
- Reputation & Morale
- Accountability