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School of Business Administration and Economics Ethics Scholarship Application

### **The importance of Acting Ethically in Business**

Increasingly, students are drawn to careers in the fields of business and economics with the anticipation of financial prospects. What many don't consider is that similarly to life at home, a business needs to make a multitude of decisions that have short and long-term effects. If business leaders only consider economic drivers and personal gain, it is possible that the ethicality of their decisions may be overlooked. I argue that it is not only crucial, but it is necessary for all actors within businesses to consistently make ethical decisions. Ethical actions require forethought and attentiveness as to whether it is right, just, and fair to all concerned. I will discuss the importance of ethicality in two respects; that of establishing credibility as well as for the well-being of society.

Ethical decision-making is necessary in order for a company to establish credibility in the eyes of its employees as well as its customers. When it is clear that a business is making decisions for the common good, it enables all those involved to feel invested in their mission. This is imperative because clients need to trust their providers in order to become loyal customers. This sense of commitment is also important when interacting with other businesses; other companies want to know that their business partners are reliable. When a business demonstrates that their moral-compass is intact, others feel a sense of security and motivation to maintain or even strengthen relations. This is because when the actions of a business are ethically correct, it is less likely that said business will sacrifice the well-being of other businesses for personal gain. It is also important to realize that personal decisions may have an impact on the reputation of a company. Ethical decision-making is not something that can be turned-on and off, businessmen and women should be congruent in their personal and professional actions in order to succeed. Ultimately, it is the ethical decisions of a business that build a reputation of integrity and foster positive inter and intra organizational relationships.

A second effect that makes ethics essential is its' potential to have a positive effect on society. A business can choose to accept corporate social responsibility or to undermine it. For instance, a CEO may decide that it is cheaper to produce a good that contains suspicious chemicals, while a CEO using ethical reasoning would sacrifice the slightly higher profit margin in exchange for the ensured safety of the consumer. Companies may also help society by engaging in fair trade, practicing transparency, and following rules and codes of conduct. I believe that business ethics relate greatly to personal integrity. In some jobs, it may not be relevant whether or not a person is generally moral. However, due to the fact that businesses interact with and provide for individuals and societies, it is imperative that they accept the social responsibility to act ethically at all times. The implementation of ethical thinking and decision-making is crucial for ensuring that such responsibilities are carried out.

To conclude, I feel that a company may not sustain itself without some of the benefits that ethical decisions provide. Ethical decisions are important in business for creating a

reputation of trustworthiness which attracts loyal customers and eager employees as well as market competitiveness. Furthermore, choosing to act ethically fosters a responsible society in which all parties involved can benefit and thrive. Therefore, all business and economic choices should be ethical for the sake of good business practices as well as for the sake of our communities.