**Iqra National University, Peshawar**

**Department of Business Administration**

**Final Exam Spring 2020**

**Paper: Business Ethics**

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Q. 1. **Explain Some Reasons to Run a Business in an Ethical Manner**

**Reasons to Run a Business in an Ethical Manner**

**1. It’s Right**

Acting ethically is more than a tool for achieving results. Unless leaders are committed to do the right thing regardless of consequences, ethics may be seen as manipulative.

**2. Personal Pride**

Company leaders and employees can take genuine pride in their accomplishments knowing they didn’t bend rules, cut corners, or hurt people to accomplish their goals.

**3. Employee Performance**

Employee performance deals with an organizations strategy, policy and practices with respect to establishing performance expectations for its employees, along with measuring respect to establishing performance expectations for its employees along with measuring and monitoring the results. A comprehensive performance management system can play a strategic role in attracting and retaining key employees. It can also help significantly improve a company’s overall business performance

People produce best in an open, creative, ethical environment. Companies that have a poor reputation have difficulty attracting and retaining top talent.

**4. Customer Loyalty**

Customer loyalty is the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes the product or services. Consider who you yourself are loyal to. Surely you'll answer family and friends.

Quality, cost, availability, and other factors are not enough to maintain customer loyalty. Customers are also looking at the reputation of the company.

**5. Supplier/Partner Trust**

In an era of virtual corporations, partnerships, and extended enterprise, no company is self-sufficient. Successful partnerships are built on trust and trustworthiness.

**6. Investor Confidence**

Today’s investors will avoid a company that is not responsible and ethical. Recent market declines have partly resulted from concerns about unethical accounting practices.

**7. Public Acceptance**

Companies that tolerate unethical practices in today’s transparent era, will almost certainly be exposed, then boycotted and punished in the marketplace.

**8. Regulatory Freedom**

When citizens and governments are aggravated by irresponsible, unethical business behavior, greater regulation and bureaucratic red tape is the result.

**9. Litigation/Indictment Avoidance**

Without strong ethical values companies easily drift to the legal edges— dangerous territory where bending and breaking the law leads to lawsuits and indictments.

**Q 2. Discuss the role of social responsibility in Business Ethics?**

**Ans.** Like individuals, organizations have a responsibility towards the wider impact that decisions taken today will have on generations to come.

Short-term gains at the expense of longer-term problems are not acceptable.

Social Responsibility is a crucial part of business ethics. A responsible organization considers and recognizes the impact that its decisions and activities impact on society and the environment; and behaves in a manner that positively contributes to the sustainable development, health, and welfare of society.

It is an expectation than organizations will not exploit people or the environment in the pursuit of profit, behaving and conducting business ethically and with sensitivity towards social, cultural, economic, and environmental issues.

This can entail designing products that are recyclable or energy efficient. It can be the adoption of lean manufacturing processes to eliminate waste or sustainably sourcing raw materials.

Revisiting safe working practices and ethically managing supply chains to eliminate abuse are simple steps towards improving social welfare.

Organizations that act responsibly and demonstrate social awareness should benefit from the support of the society which helps to improve.

**Q. 3. Elucidate ethical and corporate social responsibility that can bring significant benefits to a business?**

**Ans.** The importance of Business Ethics and Corporate Social Responsibility:

The benefits of business ethics and corporate social responsibility speak volumes about how important it is and why you should make an effort to adopt it in your business.

Some clear benefits of business ethics and corporate social responsibility are:

Improved public image. This is crucial, as consumers assess your public image when deciding whether to buy from you. Something simple, like staff members volunteering an hour a week at a charity, shows that you’re a brand committed to helping others. As a result, you’ll appear much more favorable to consumers.

Increased brand awareness and recognition. If you’re committed to ethical practices, this news will spread. More people will therefore hear about your brand, which creates an increased brand awareness.

Cost savings. Many simple changes in favors of sustainability, such as using less packaging, will help to decrease your production costs.

An advantage over competitors. By embracing CSR, you stand out from competitors in your industry. You establish yourself as a company committed to going one step further by considering social and environmental factors.

Increased customer engagement. If you’re using sustainable systems, you should shout it from the rooftops. Post it on your social media channels and create a story out of your efforts. Furthermore, you should show your efforts to local media outlets in the hope they’ll give it some coverage. Customers will follow this and engage with your brand and operations.

Greater employee engagement. Similar to customer engagement, you also need to ensure that your employees know your CSR strategies. It’s proven that employees enjoy working more for a company that has a good public image than one that doesn’t. Furthermore, by showing that you’re committed to things like human rights, you’re much more likely to attract and retain the top candidates.

More benefits for employees. There is also a range of benefits for your employees when you embrace CSR. Your workplace will be a more positive and productive place to work, and by promoting things like volunteering, you encourage personal and professional growth.

**Q 4. Discuss some principles which incorporate the characteristics and values that most people associate with ethical behavior?**

**Ans.** The following list of principles incorporates the characteristics and values that most people associate with ethical behavior.

1. HONESTY. Ethical executives are honest and truthful in all their dealings and they do not deliberately mislead or deceive others by misrepresentations, overstatements, partial truths, selective omissions, or any other means.

2. INTEGRITY. Ethical executives demonstrate personal integrity and the courage of their convictions by doing what they think is right even when there is great pressure to do otherwise; they are principled, honorable, and upright; they will fight for their beliefs. They will not sacrifice principle for expediency, be hypocritical, or unscrupulous.

3. PROMISE-KEEPING & TRUSTWORTHINESS. Ethical executives are worthy of trust. They are candid and forthcoming in supplying relevant information and correcting misapprehensions of fact, and they make every reasonable effort to fulfill the letter and spirit of their promises and commitments. They do not interpret agreements in an unreasonably technical or legalistic manner in order to rationalize non-compliance or create justifications for escaping their commitments.

4. LOYALTY. Ethical executives are worthy of trust, demonstrate fidelity and loyalty to persons and institutions by friendship in adversity, support, and devotion to duty; they do not use or disclose information learned in confidence for personal advantage. They safeguard the ability to make independent professional judgments by scrupulously avoiding undue influences and conflicts of interest. They are loyal to their companies and colleagues and if they decide to accept other employment, they provide reasonable notice, respect the proprietary information of their former employer, and refuse to engage in any activities that take undue advantage of their previous positions.

5. FAIRNESS. Ethical executives and fair and just in all dealings; they do not exercise power arbitrarily, and do not use overreaching nor indecent means to gain or maintain any advantage nor take undue advantage of another’s mistakes or difficulties. Fair persons manifest a commitment to justice, the equal treatment of individuals, tolerance for and acceptance of diversity, they are open-minded; they are willing to admit they are wrong and, where appropriate, change their positions and beliefs.

6. CONCERN FOR OTHERS. Ethical executives are caring, compassionate, benevolent, and kind; they like the Golden Rule, help those in need, and seek to accomplish their business objectives in a manner that causes the least harm and the greatest positive good.

7. RESPECT FOR OTHERS. Ethical executives demonstrate respect for the human dignity, autonomy, privacy, rights, and interests of all those who have a stake in their decisions; they are courteous and treat all people with equal respect and dignity regardless of sex, race, or national origin.

8. LAW ABIDING. Ethical executives abide by laws, rules and regulations relating to their business activities.

9. COMMITMENT TO EXCELLENCE. Ethical executives pursue excellence in performing their duties, are well informed and prepared, and constantly endeavor to increase their proficiency in all areas of responsibility.

10. LEADERSHIP. Ethical executives are conscious of the responsibilities and opportunities of their position of leadership and seek to be positive ethical role models by their own conduct and by helping to create an environment in which principled reasoning and ethical decision making are highly prized.

11. REPUTATION AND MORALE. Ethical executives seek to protect and build the company’s good reputation and the morale of its employees by engaging in no conduct that might undermine respect and by taking whatever actions are necessary to correct or prevent inappropriate conduct of others.

12. ACCOUNTABILITY. Ethical executives acknowledge and accept personal accountability for the ethical quality of their decisions and omissions to themselves, their colleagues, their companies, and their communities.