



# Nature of Business Ethics



- **Code of Conduct:**

Business ethics is a code of conduct. It tells **what to do and what not to do for the welfare of the society.** All businessmen must follow this code of conduct.

- **Based on moral and social values :**

Business ethics is based on **moral and social values.** It contains moral and social principles (rules) **for doing business.** This includes self-control, consumer protection and welfare, service to society, fair treatment to social groups, not to exploit others, etc.



- **Gives protection to social groups:**

Business ethics give protection to different social groups such as **consumers, employees, small businessmen, government, shareholders, creditors, etc.**

- **Provides basic framework :**

Business ethics provide a basic framework for doing business. It gives the **social cultural, economic, legal and other limits of business. Business must be conducted within these limits.**



- **Voluntary :**

Business ethics must be voluntary. The businessmen must accept business ethics on their own. Business ethics must be like **self-discipline. It must not be enforced by law.**

- **Requires education and guidance :**

Businessmen must be given **proper education and guidance before introducing business ethics.** The businessmen must be motivated to use business ethics. They must be informed about the advantages of using business ethics. Trade Associations and Chambers of Commerce must also play an active role in this matter.



- **Relative Term** :

Business ethics is a relative term. That is, it changes from one business to another. It also changes from one country to another.

- **New concept** :

Business ethics is a newer concept. It is strictly followed only in developed countries. It is not followed properly in poor and developing countries.



# Characteristics of business ethics

- Good intention
- Ethics protect society
- Study human aspects
- Self imposed discipline
- Honesty
- Equality
- Guiding force