



Advantages

- Enhance Business Reputation
- Positive Work Environment
- Improves Customer Happiness
- Retain Good Employees
- Builds Investor Loyalty
- Avoid legal Problems

Disadvantages

- Reduce Profits
- Time Consuming
- Not Ideal for Small Business
- Instability



Enhance Business Reputation



- Business ethics helps in enhancing the reputation of the organization in the market.
- Practicing of ethics ensures the legality of business and provide better service to customers.
- It controls all unfair trade practices and operates all activities ethically.
- The business operates at a lower profit level and delivers quality goods.
- This develops a positive image of the company and attracts a large number of new customers.



Positive Work Environment:



- It helps in maintaining a positive work environment for business.
- Ethics clearly defines the code of conduct for business and directs the limits within which it should operate.
- Employees are trained to work efficiently in a team and develop better relationships with their co-workers.
- Superiors trust their subordinates and grant them proper autonomy for performing their roles effectively.



Improves Customer Happiness



- Ethics leads to improve customer satisfaction with the business.
- Companies follow ethical principles operate at a reasonable profit and fulfill all needs of their customers at a lower cost.
- Customers when treated fairly get committed to the business for the long term.
- They get proper help support and all their complaints are redressed timely.
- Business via these good ethical principles are able to build a loyal customer base.



Retain Good Employees:



- Adopting of ethical principles enable business in retaining good employees for a longer period.
- Employees want to work with such an organization that treats them fairly and recognizes their talent.
- They need to be compensated for their work and wants appreciation based on their work quality.
- Companies dealing with their workers fairly and openly are able to easily retain them.



Builds Investor Loyalty



- All investor wants to be associated with the ethical business for earning better return.
- They look for reputation, ethics, and social responsibility of business before choosing the one to invest their funds.
- Business working on ethical values are able to attract large number of investors.
- Investors know that ethical values enable organization in enhancing their productivity, efficiency, and profits.



Avoid legal Problems:



- Controlling legal issues is another important advantage provided by business ethics.
- Implementation of ethical principles ensures that organizations comply with all labor laws and environmental regulations.
- Employees are provided safe working environment and good quality materials for carrying out the operations.
- Companies maintaining proper ethical standards avoids themselves from any fine and penalties charges by government agencies.



Disadvantages



- **Reduce Profits:** Business ethics reduces the profit earning ability of the organization by putting limits to its operations.
- Companies working on ethical values can't focus on profit maximization by exploiting others.
- They need to give equal attention to the interest of its stakeholders like customers, employees, society, creditors, and government.
- Business running on an ethical path needs to forego extra profits which adversely affect their growth and revenue.



Time Consuming



- Implementation of ethics within the business practices is a time-consuming process.
- It is a long process that requires large efforts on the part of the organization.
- Businessmen need to properly learn about these ethics for their successful implementation.



Not Ideal for Small Business



- Ethical standards are not suitable for small scale business as it lower their profit.
- Small business cannot afford to lose some profit for the sake of running their operations ethically.
- It can hamper their growth and survival in today's stiff competition.
- Following these principles brings extra cost to the business which is not feasible for small companies.



Instability:



- Business ethics are not stable and are changed from time to time.
- Business owners revise them as per the company needs and desires without considering whether they are ethical or not.
- It becomes inconvenient to change these standards within the business practices many times.
- Companies needs to educate and guide its employees each time it brings changes to its standards.
- <https://www.slideshare.net/smagg01/ethical-theories-46047004>