

What Is the Meaning of Ethical Responsibility?

Sir Godfrey Gregg

Ethical responsibility is the duty to follow a morally correct path. In your personal life, you might feel the greatest sense of ethical responsibility to your family and close friends. But small business owners also have ethical responsibilities to the many people who count on them to do the right thing.

Ethical Responsibilities and Business

Businesses have ethical responsibilities to their employees, customers and society as a whole. For example, a small business owner has a responsibility to be honest with his employees so they can make informed decisions about their careers; a responsibility to respect his customers, who expect to receive exactly what they are paying for; a responsibility to invest in the community upon which his company's well-being depends.

Factors

When things are good, it's easy to be ethical. If customers are plentiful, employees are happy and income is soaring, there is little temptation to cut ethical corners to secure a bit more profit. But when times are hard, the temptation to neglect your ethical responsibilities increases. For example, you might try with the idea of using company funds to cover personal debts.

Effects

Ethical missteps – whether by a company or just a single person within a company – can destroy even the biggest organizations, according to the book “Ethics and Corporate Social Responsibility: Why Giants Fall,” by Ronald R. Sims. Common ethical problems include shady accounting practices that hide fraud and theft from employees and investors. Such violations can lead to criminal charges, loss of consumer confidence, employee outrage and a host of other negative outcomes.

Moral Standards

Maintain an ethically responsible company by setting clear moral standards from the outset. For example, create and enforce a code of conduct that ensures employees treat customers fairly. To avoid even the appearance of unethical behaviour, be as transparent as possible in all your dealings with customers, suppliers, employees and the surrounding community.

Considerations

Increasingly, consumers expect businesses to be good citizens. For example, environmentally conscious consumers often avoid supporting businesses that rely on unsustainable practices or that pollute heavily. So, in addition to whatever internal ethical responsibility you might feel you have, you also should consider how your company's morality could affect its profitability.