

Business ethics as a lever of development in business administration and management

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Abstract

The purpose of this article is to highlight, present and evaluate business ethics practices. A separate purpose of the article is to submit proposals for improving corporate ethics. The methodological tool used is based on bibliographic research, text analysis and secondary sources. The research question concerns business ethics and whether it contributes to the development of companies and the better management of business human resources. We will assume that business ethics helps significantly in the development of businesses and the fuller utilization of human resources and we will try to verify this hypothesis. The expected results of the investigation aspire to answer the research question and verify the hypothesis. Also, to highlight the contribution and the best utilization of corporate ethics in the context of business management, through the creation of a business culture that will lead to the consolidation of the ethical and social profile of companies. The above findings are considered important because they initially provide us with new data on the prevailing situation in the business world. At the same time, they lead us to the conclusion that it is necessary to strengthen business ethics, through the development of trust and cooperation with the ultimate goal of creating a business culture that will significantly help improve the business environment.

Keywords: Business Ethics, Management, Business Environment, Human resources.

JEL Classification: M10, M14, M16.

1. Introduction

Business ethics has always been an interesting topic and has occupied many researchers. It expresses the operation of businesses according to ethical, social and environmental standards. It operates on the basis of trust and cooperation with society. Human resources are an essential foundation for the prosperity of the company, because with their dynamics they can affect the economic perspective (Meena and Dangayach, 2012). Taking into account the essential role of human resources and the necessary use of business ethics, it is deemed necessary to further investigate this study. With the completion of the present study, a significant gap will be filled in this area, as the combination of business ethics analysis in the context of human resource management has not been studied and analyzed effectively and through the research findings, useful information will be obtained on how ethics affects business development.

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2. Methods

The research adopts the qualitative method and specifically the bibliographic review. The aim is to analyze the subject under investigation. Through the literature review, the timeless views for the cultivation of business ethics will be presented. The present methodological approach includes the presentation of concepts of practices and events, in order to highlight the importance of the subject under investigation (Saunders et al., 2014). For this purpose, both original texts and secondary publications on the subject were selected. In the context of this tool, the value of the subject under investigation was criticized in order to record new knowledge (Babbie, 2020). More texts on business ethics and corporate social responsibility will be used. Then, corporate ethics practices will be presented, which will be evaluated and finally proposals will be submitted to strengthen corporate ethics.

The added value of the article lies in highlighting the need for the modern business world to adopt business ethics that finally leads to the creation of a modern business ethics development model. The ultimate benefit is for both consumers and the local community itself.

Business ethics and practices

From 2001 onwards, with the Parmalat crisis, the concept of Corporate Ethical Governance and Corporate Social Responsibility was particularly developed (Ferguson, 2008; Markham, 2006). This crisis was mainly due to the lack of strong corporate governance and limited controls. Governance is shaped by systems that interact (Morel et al., 2014). It is essential that government be open to communicating with its subsystems while following the principles of transparency, efficiency and achievement. Governance includes rules and procedures (Shuili Du, Bhattacharya and Sen, 2010). Corporate Governance (Veletzas and Broni, 2010; Roux, 2007) refers to the relationship between companies and those who invest in them and is governed by principles and rules related to its improvement (Vaxevanidou, 2011). It focuses on the behavior, responsibility and protection of the company (Goergen, 2015; Papadopoulos, 2008a) contributing to the consolidation of the corporate culture between the company executives (Papadopoulos, 2008b) and the local community. Strategic management is also considered necessary, which is a process that aims at the long-term prosperity of the managed issues. It relies on project executives (management, owners, stakeholders) to set strategic goals and then develop an effective resource management taking into account external factors (Rolinek et al., 2015).

At this point it is appropriate to cite specific examples of business practices. The increased emissions of diesel cars from the Volkswagen car industry a few years ago are a prime example. The evaluation of the event shows that the tolerance of many executives in parts of the company, can have a negative impact and decisively affect the reputation and financial results of the company. The number of CEOs fired over the past five years for misconduct has increased by 36%, with examples such as the CEO of Yahoo or the CEO of United Airlines. However, the problem is not solved by the removal of senior executives (<https://hrpro.gr/epichirimatiki-ithiki-ke-pos-tha-tin-enischysete/19-03-2021>).

From the critical evaluation of the above business practices, we find that the above events are examples of vulnerable business ethics. Such behaviors discredit the business and shake customers' trust and preference by negatively affecting the financial results of the business.

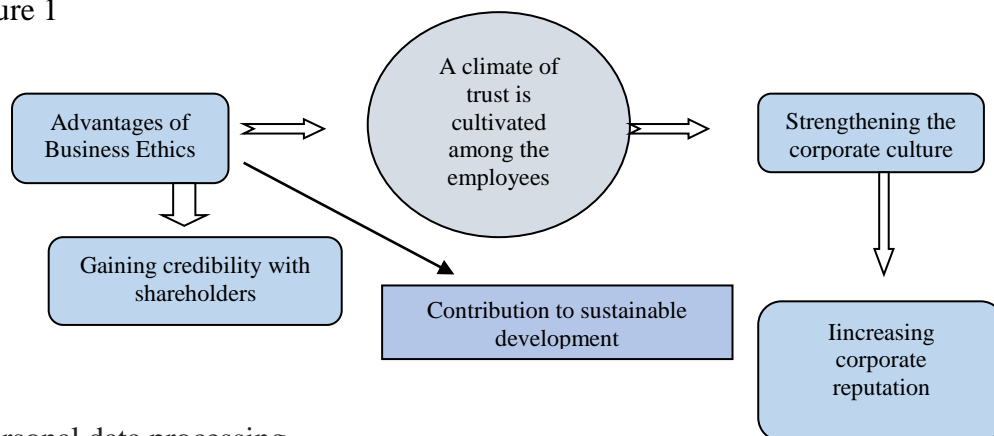
Large multinational corporations, on the other hand, exhibit different approaches to business practices (Franklin, 2007). For example, Johnson and Johnson collaborates with non-governmental organizations and promotes programs to improve the living and caring conditions of mothers and children (Brugmann and Prahalad, 2007). Coca Cola also

participates in global groundwater management projects. In addition, General Electric invests heavily in biofuel research as an alternative energy source. But TNT is also focusing on reducing carbon dioxide emissions worldwide. One can also refer to other companies, such as British Telecom, Shell, Rio Tinto, which in addition to their annual reports also publish reports on their activities in the field of social responsibility (Papadopoulos, 2008a). It has been found that American companies included in the annual report of Business Week magazine have donated over one billion dollars to the community through corporate social responsibility programs (McConnon and Silver Greenberg, 2007).

From the critical evaluation of the above examples, it is found that there is a different approach to business culture, as it appears that in the aforementioned companies, practices of increased corporate ethics prevail that strengthen the public's credibility and preference, bringing positive financial results to the company.

Business ethics expresses the overall result of managing the ethical dilemmas faced by employees to avoid mismanagement of issues that can turn into a scandal (Asprides, et al., 2014). Corporate responsibility is characterized by ethical commitment to partners, suppliers and customers (Aspridis 2015; Koukoumpliakos and Rehor 2021). It has credibility, integrity, respect for all innovates, creates new jobs, applies the principles of corporate governance and is aware of its social responsibility to society as a whole (Koukoumpliakos et al., 2020). Business ethics is a general culture that permeates the staff and then manifests itself in the external environment. Nowadays, when there is often talk of sustainable development, climate change and environmental degradation, the need for business ethics is becoming more and more urgent (Koukoumpliakos et al., 2018). Although the costs of complying with ethical and legal standards are particularly high, the benefits of applying business ethics to the work and physical environment are certainly greater (Koukoumpliakos, 2021). For a more complete understanding of the benefits of business ethics, Figure 1 follows.

Figure 1



3. Research results

The human resources that are governed by an ethical corporate culture, upgrade the image of the company, facilitating the regulatory compliance of the company because it is inspired and not imposed by strict regulations unpleasant for the staff (Hellenic Institute of Business Ethics, 2013). When employees do not officially know what an ethical action is, then their business has created a weak ethic. In the case of Volkswagen, a morally vulnerable environment was gradually created, as priority was given to increasing profitability at the expense of legal and environmental issues. In every business there is a range of stakeholders

who are influenced by its decisions, such as executives, suppliers, customers, the local community, the environment. In the event that the company exhibits morally vulnerable behavior, employees may:

- hide the fact
- talk privately with the person in charge
- point out vulnerable behavior in front of colleagues
- report the incident to their superiors.

If they choose to hide the fact, even if they have the best intentions, then in this case they send a dangerous message about the ethical culture of the company.

The existence of business ethics is directly related to the very need to further develop practical relationships of trust between consumers and companies. Every financial transaction should be governed by both specific ethical rules and exemplary ethical behavior. Exemplary behavior increases the prestige, reputation and credibility of the company that operates with ethical codes. The companies' long-term honest and ethical behavior directly results in the acquisition of a competitive comparative advantage over competitors. All of the above lead to the cultivation of trust between customers and companies, to their good cooperation, while at the same time increasing added value is given to both directly involved parties.

4. Conclusions

Based on the above, it is concluded that the application of business ethics can be expressed through a series of actions such as:

- strengthening technological research and innovation for the production of better-quality products
- developing partnerships with the community and local agencies
- actions aimed at protecting the environment
- development of alternative, environmentally friendly forms of energy
- creating a climate of cooperation with all involved
- cultivate a culture that will promote trust between executives and customers.

From the critical review, it is understood that business ethics acquires importance. Most employees seek to work in companies with principles that identify with their own for this and companies that have a reputation for operating ethically, attract more employees with high ethical standards. Otherwise, when there are discrepancies between their own ethical principles and the company's behavior, they are likely to leave at some point. Morality is not innate and is not imposed by fear. With constant education, man learns to live virtuously and to resist temptation. Therefore, moral behavior is a product of the mind, it becomes conscious and voluntary and shapes morality. Business ethics is the cumulative result of managing the ethical dilemmas that employees face in their work.

For this reason, companies are advised to look at the dilemmas faced by employees and how they can ensure that appropriate decisions are made. It is suggested that companies communicate to their staff the ethical framework that everyone should adopt, as well as equip all employees with the appropriate resources to make the right decisions in the ethical dilemmas they face. In this way they will contribute to the more rational development of the company and to the more complete management of the human resources, so that they are not called to face corporate scandals.

Taking into account the above, it is found that our research question was covered, as the application of business ethics was associated with business development, because the issue of business ethics significantly determines the growth limits of the company and has a direct impact on the financial performance of companies. At the same time, our research hypothesis was confirmed, as it proves that the application of business ethics contributes to the development of businesses and the better utilization of human resources.

At this point, the importance of the contribution of current research in presenting a clearer picture of the prevailing situation in the business environment, regarding the adoption of business ethics, is emphasized.

It is proposed that employees be continuously informed by those responsible for developing business ethics through training programs that will focus on shielding and strengthening employee morale initially, as well as the adoption of ethics as a corporate strategy.

Finally, it is proposed to conduct research that will further emphasize the identification of obstacles to the implementation of corporate ethics.

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