Approaches & practices of business ethics

Ethics play a major role in modern business and can impact everything from brand reputation and public perception to [employee productivity](http://rmi-solutions.com/identifying-common-behaviors-that-reduce-productivity/) and overall profitability. According to the [Society for Human Resource Management](https://www.shrm.org/publications/hrmagazine/editorialcontent/2014/0414/pages/0414-ethical-workplace-culture.aspx), “Companies that work to build and maintain ethical workplace cultures are more financially successful and have more motivated, productive employees.” For this reason, it’s in your company’s best interest to implement some key ethical practices.

## What is Business Ethics?

“The study of proper business policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate responsibility and fiduciary responsibilities.” Upholding certain values and moral principles is important to the success and longevity of your business because poor ethics can hurt your culture, lower your retention rate and sour relationships.

Unethical practices also greatly increase your odds of incurring penalties and open the door for litigation. While the specific approach to business ethics will vary from company to company, there are five common ethical practices that should keep your business on the straight and narrow.

**1. Develop Ethical Standards**

An integral first step is to formalize your expectations and make it clear about which behaviors are and aren’t acceptable. If you haven’t done so already, create a code of ethics section in your [employee handbook](http://rmi-solutions.com/keep-employee-handbook-useful-current/) that outlines proper business conduct. This should eliminate any confusion and ambiguity about your company’s ethical practices and keep everyone on the same page.

**2. Ensure Leaders Exhibit Proper Behavior**

Behavior often trickles down from top to bottom within an organization. It’s therefore crucial that your leaders act virtuously and serve as examples for the rest of your staff. After all, if managers demonstrate questionable ethical behavior, why should anyone else be expected to act with moral conviction? When leaders practice what they preach and uphold a high standard of ethics, the rest of your staff will have a positive role model.

**3. Be Diligent About Enforcing Policies**

Let’s be realistic. Not everyone is going to uphold every single ethical expectation 100 percent of the time, and rules will inevitably be broken. It’s important that you don’t tolerate unacceptable behavior and show that there are consequences. Holding employees accountable should prevent the perpetuation of any unsavory behaviors and nip them before they get out of control.

**4. Praise Positive Behavior**

Just as it’s important to stomp out unethical practices, it’s equally important to praise your employees for following best practices. This doesn’t have to be anything over the top, but you should make it a point to acknowledge individuals who live up to expectations. Doing so should serve as positive reinforcement, which can have some long-term benefits for your business.

**5. Promote Community Involvement**

What’s a common thread among some of the world’s most ethical companies? Most tend to place an emphasis on community involvement and are genuinely interested in having a positive impact on the world. Whether it’s raising money for local causes, establishing volunteer programs for employees or donating to worthy charities, this can be huge.

 Following ethical practices is important for many reasons and a major selling point to many of today’s consumers. By taking measures to promote ethics in your workplace, you can [create a better culture](http://rmi-solutions.com/hr-administration-group-can-strengthen-your-corporate-culture/), improve your brand reputation and simply feel good that you’re doing something positive.