

# Importance of Ethical Laws in a Business

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*Abstract- A code of ethics is important for businesses to establish to ensure that everyone in the company is clear on the mission, values and guiding principles of the company. It provides employees with a framework of which rules exist, from a regulatory and law-enforcement standpoint and how to act in the gray areas of value-based ethics that aren't always clear. The paper has the importance of ethical laws in a business as the subject. It has the brief meaning of ethical laws and has mentioned its importance in a company, among the employees and faculties.*

## I. INTRODUCTION

- Code of ethics:

In the simplest words, a code of ethics is the statement of the norms and beliefs of an organization. A code of ethics is a guide of principles designed to help professionals conduct business honestly and with integrity. A code of ethics document may outline the mission and values of the business or organization, how professionals are supposed to approach problems, the ethical principles based on the organization's core values, and the standards to which the professional is held.

## II. IMPORTANCE OF ETHICAL CODE

The code of ethics is important for smooth running of the company and its day to day activities.

Following the laws:

At the least ethical behavior means following the rules and regulations of a given company. It protects employee's legal rights. A primary purpose of code of ethics training is to ensure that managers understand employees' legal rights and that employees know how to advocate for themselves in situations like:

- Pay disputes
- Discrimination
- Sexual harassment
- Disparate treatment

- Resolving conflicts
- Pursuing promotions

## III. HANDLING REGULATORY ISSUES

This is also a legal issue but moreover it's about processes and procedures than actually breaking the laws. For example, privacy policies require keeping the client information confidential, it's not supposed to be disclosed and if any staff of the company does that then it's the violation of the policy or law. When defining regulatory issues in your code of ethics, state what the regulations are and how the company expects employees to maintain ethical practices in that area. For example, mortgage brokers have to complete a specific number of continuing education credits before license renewal. It would be unethical for two brokers to do the continuing education together online to complete it collaboratively rather than individually.

## IV. VALUE BASED ETHICS

A value-based code of ethics addresses a company's core value system. It may outline standards of responsible conduct as they relate to the larger public good and the environment. Value-based ethical codes may require a greater degree of self-regulation than compliance-based codes. Value based ethics get to the heart of your corporate culture. It shows how your company wants to be in the eyes of the community. It establishes a component of your brand beyond the product and service of your business. It leaves a specific remark in the eyes of people. For example, if your business starts eco-friendly packaging and going green with the office components then it will have a great effect on the community.

## V. PROFESIONALISM DEFINED

The most important code of ethics you need to address is the code of conduct or the professionalism you expect from your employees. It is the most important element in the business ethics. If the employees of the

business know how to behave and conduct themselves in the organization then the company runs smoothly. Professionalism could include integrity, honesty and a good code of conduct with the co-workers. This can also include dress code; desk organization and general office conduct rules. Professional standards should be clear in the office since it avoids confusion between the businesses.

#### VI. WHEN ACTIONS SEEM WRONG

The company should definitely stress on the engagement of employees in the ethical behavior but it can do more. Like in case where the employee recognizes that the action or some activity is being done against the code of ethics then what are the steps that can be taken. It can include from one-to-one conversation reminding employees of ethical codes to formal reporting mechanisms for something considered a serious lapse in ethical behavior.

#### CONCLUSION

A code of ethics is important for an organization since it helps to run the business smoothly and helps the company to manage the employees and the activities done by them. If there is a proper code of conduct then the staff sticks to it and in case anyone tries to violate it then necessary actions are taken against them. It is important for the growth and development of the business and it has a great impact on the community as well. Anything done with discipline and a code of conduct ultimately gives a great result. Thus it's important for the company and businesses to have a code of ethics.

#### REFERENCES

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