

## Ethics & Code of Ethics

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### **Abstract**

*Emanating from the Greek word ‘ethos’ or ‘way of living’, is more connected with the human behaviour; more closely describing the behaviour of individuals in society, clarifying rational justifications for moral judgement – right/wrong or just/unjust. Codes of conduct on the other hand lays down principles of integrity, objectivity, competence, confidentiality and professionalism – involves compliance-based code of ethics, value-based code and a code for professionals. Talking about ethics, Adam Smith says, “take very good care to not act on the passions of anger, hatred, resentment, for purely social reasons, and instead imagine what the impartial spectator would deem appropriate, and base our action solely on a cold calculation”. Orals are derived from the Latin word “custom”. A code of ethics is a set of principles laid out as a guide for business professionals, to organise and conduct business honestly and with integrity. This code of ethics document may guide and outline the way the business should be operated, how professionals are supposed to approach the problems, based on the organisation’s ethical standards. This document also called as the ‘ethical code’ may lay down the policies for the business, covering such areas as business ethics and practice and also the employee code of conduct.*

### **Keywords**

*Ethos, morals, codes of conduct, codes of ethics, Compliance-Based Code of Ethics, Value Based Code of Ethics, Privacy Code of Ethics,*

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## I. Introduction

### *Ethics/Morals*

Ethics is basically derived from the Greek work “character”. Ethics or the code of conduct was laid early way back in 400 B.C. when Hippocrates the Greek Physician, formulated the “Hippocratic Oath” relating to a physicians’ professional and ethical duties, patient’s confidentiality and identity – ‘into whatever houses I enter, I will go into them for the benefit of the sick, and would abstain from every act of mischief or corruption’. This has been reiterated by various other kings and chieftains all over the world. Early known cuneiforms or calligraphic rules and regulations are also available to be viewed as of date!

There is a clear difference between ethics and morals. Ethics involves a systematic definition of defending what is right and wrong behaviour. Ethics is normally associated with an individual’s character. On the other hand, morals are normally set as principles from a code of conduct pertaining to a definite religion, culture of a sect, religion or a clan. While ethics may border on the act of self-enforcement, the morals are customs or principles set by the particular society or group. Morals are derived from the Latin word “custom”.

### **Code of Ethics**

#### *Ethics document*

A code of ethics is a set of principles laid out as a guide for business professionals, to organise and conduct business honestly and with integrity. This code of ethics document may guide and outline the way the business should be operated, how professionals are supposed to approach the problems, based on the organisation’s ethical standards. This document, also called the ‘ethical code’, may lay down the policies for the business, covering such areas as business ethics and practice and also the employee code of conduct. Ethical guidelines and best practices to follow highlight the importance of maintaining honesty, integrity and a high level of professionalism in all your dealings.

### ***Types of Code of Ethics***

A general code of ethics is normally a guide for the business to be conducted ideally, according to the laws of the land, and offer a business fair to all its stakeholders. This also offers the business a guide to conduct itself in a fair and exemplary fashion.

#### ***Compliance-Based Code of Ethics***

Compliance based codes of ethics are for guidelines to determine penalties and violations. Such businesses expect the employees to be trained to learn the rules of conduct, as otherwise noncompliance can create a legal problem for the company; and even employees face penalties for not following the guidelines laid by the company in the transaction of business. By this, there is set a moral responsibility for the company to deliver.

#### ***Value Based Code of Ethics***

This value-based code of ethics directly hinges on the company's core value system. Highlights the standards of responsible conduct for the larger good of the environment. This requires a large amount of self-regulation for the company. This espouses the company's commitment towards maintaining absolute quality, in fact even to the extent of creating quality conditions for dealing with clients as well. This could well fall under the category of businesses linked to human's supplies.

#### ***Privacy Code of Ethics***

*This code is for the employees in the organization.* This could also be called as the "Employee Code of Ethics & Conduct". This is also the privacy code which sets definite rules, principles, values, employee expectations and vice versa the company's interest in the employee, behaviour towards colleagues in the company, and relationships that the business or the company considers important. and believes in standards of professionalism, discrimination and sexual harassment policies. The company could perhaps cover several other numerous aspects of ethics for their employees, perhaps distributing an 'Employees Handbook'.

### ***Code of Ethics vs. Code of Conduct***

Both are more or less similar, but with some minor differences. Both set standards for professional output and performances. Code of ethics expects that members have a clear and sound judgement on matters pertaining to integrity on the job and how it operates. On the other hand, code of conduct, relates to how a person conduct's himself as a professional, being regular in attendance, and in all that he does maintains a strict procedural style, and is responsible and sincerely contributes to company's performances, by acting appropriately as the situation demands. However, in both the cases, Ethical principles of business vary with the various types of professions being considered. To generalize, the following needs to be observed: Integrity, objectivity, professional competence, confidentiality and professional behaviour

### ***Necessity for Having a Code of Ethics***

Having a code of ethics definitely adds to the ease of doing business!

- Business ethics definitely helps in improving the operational climate of a business operations; under its functional aspects fall, employer-employee relations, environmental issues arising, bribery and corruption, discrimination, 'insider trading', and sexual harassment.
- Basic ethical standards are being set and a code of ethics has to be drafted to suit the company's standards
- Every business sets a code of ethics, and every employee should follow. Violation of the code can result in termination or dismissal, and rules for behaviour set up
- Helps to identify and classify the quality of the business to stakeholders
- The company follows the sustainability development goals and has a better and good public image

### ***Advantages of Following Ethical Codes***

Some of the advantages of following ethical codes of practice:

- An organizations standard is known through the best practices it adopts – a Code of Ethics
- It is a matter of pride to be in such an organization for any employee
- In the banking sector, specific laws govern business conduct, and a code of ethics may be adopted to impress the public

- A focus on sustainability and climate change becomes a part of the company's codes of ethics
- To the customer, it a matter of satisfaction that the company follows certain norms – code of ethics
- Codes of ethics, such as compliance code, value-based code, helps in business growth, as the company openly proclaims ethical practices

## II. Conclusion

Ethical guidelines and best practices to follow, highlight the importance of maintaining honesty, integrity and a high level of professionalism in all your dealings. Though in fact, it is not mandatory for businesses to adopt a code of ethics, never the less, it may be good for establishing a well-respected unit, to be appreciated by stakeholders. In addition, it may be advisable for businesses to begin including 'climate change' as a part of their code of ethics, indicating the company's necessity to adapt sustainability.

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