

University of Mohammed Khider, Biskra

Department of Management Sciences

Grade: Master One, Entrepreneurship

Section 02: Establishing and Maintaining Ethical Standards

Establishing Ethical Standards

A study by the Southern Institute for Business and Professional Ethics found that small companies are less likely than large ones to have ethics programs. Although they may not have formal ethics programs, entrepreneurs can encourage employees to become familiar with the following ethical tests for judging behavior:

- **The utilitarian principle:** Choose the option that offers the greatest good for the greatest number of people.
- **Kant's categorical imperative:** Act in such a way that the action taken under the circumstances could be a universal law or rule of behavior.
- **The professional ethic:** Take only those actions that a disinterested panel of professional colleagues would view as proper.
- **The Golden Rule:** Treat other people the way you would like them to treat you.
- **The television test:** Would you and your colleagues feel comfortable explaining your actions to a national television audience?
- **The family test:** Would you be comfortable explaining to your children, your spouse, and your parents why you took this action?

Although these tests do not offer universal solutions to ethical dilemmas, they do help employees identify the moral implications of the decisions they face. People must be able to understand the ethical impact of their actions before they can make responsible decisions.

Ethics: a branch of philosophy that studies and creates theories about the basic nature of right and wrong, duty, obligation, and virtue.

Social Responsibility: how an organization responds to the needs of the many elements in society.

Business Ethics: the fundamental moral values and behavioural standards that form the foundation for the people of an organization as they make decisions and interact with stakeholders.