

### **Do Business Ethics really exist?**

To the average person, business ethics sounds like an airy fairy concept with limited relevance to the real world. The practice of business is to buy cheap and sell dear, and not to bother in some instances whether the cheap price obtained or the dear selling price, is ethical or not. To the average person, business ethics is a public relations stunt employed by large successful companies to look good.

The pace, scale and complexity of modern business has forced a change in how business is done. While it is accepted that it is foolish to do business with someone who is not trustworthy, the question arises whether you can trust someone who is not ethical in all of their behaviour. Short timelines, tight supply chains and narrowing margins mean that chances cannot be taken that suppliers or customers will not honour their contracts as expected. Suppliers and customers are now becoming partners and stakeholders in business, and relationships with them are becoming more and more underpinned by trust. Trust is built on expectations of truth in words and consistency in behaviour. It is impossible to do profitable business with someone who says one thing one day and does something different.

There is also exposure to legal penalties. Companies involved in international trade have to represent their products to potential or current clients based on their expected inputs by the suppliers. A company that is involved in illegal activities, or that knowingly falsifies information on inputs supplied can create serious problems for its business partners. A company with a good reputation and solid brands has much to lose, and should not take chances with its brand value.

Another issue challenging the practice of good business ethics is the values which employees bring to the work environment. Much has been said over the years about the deterioration of employees' work ethics. The impact of poor work ethics results in low productivity owed to high levels of absenteeism, tardiness, theft and acceptance of bribe taking. Unfortunately many employees seem not to understand the concept of conflict of interest nor see anything wrong with it.

A company that wishes to be efficient and competitive cannot accept this state of affairs. There is a strong business case for the introduction of structured programmes to support ethical behaviour in companies, size notwithstanding. These programmes should be more than a mere encouragement to be honest, and should be based on clearly articulated values that are linked to the overall vision and mission of the company. The Manual of Business Ethics for Small and Medium Sized Enterprises prepared by the Inter-American Investment Corporation (IIC) and the US Department of Commerce describes the following benefits among others:

- **Enhanced Reputation and Goodwill:** A reputation for integrity is important for securing the loyalty of customers, for recruiting and training the best staff, for winning community acceptance and accessing bank and supplier credit.
- **Risk reduction:** The process of developing a business ethics programme involves the company in identifying and assessing the factors that could pose risks to reputation and financial performance, and developing and implementing the business processes that reduce those risks.
- **Reduced costs:** Providing employees with clear guidelines of how to conduct day to day business such as where and when to obtain quotations; how to carry out tenders,; how to conclude contracts and how to avoid conflicts of interest can reduce transaction costs and improve the supply chain function.
- **Protection from Unethical Employees:** A programme would include clear guidance in respect of the misappropriation and unauthorised use of company resources, and the consequences that could flow from violations, information that employees with undeveloped values may not fully appreciate.

The promotion of high standards of business ethics remains central to the mission of the Trinidad and Tobago Chamber. We strongly endorse the drive towards supporting good practices in business and raising levels of awareness of the need to fight unacceptable levels of corruption and malpractice which can ultimately impede growth, job creation and economic development. As such, every member on joining the Chamber undertakes to observe the Members' Code of Conduct.

The T&T Chamber believes that the implementation of a business ethics programme can contribute to an improved culture at a company, and improved overall performance. Ethics in business should not be taken lightly and we believe that such a programme is well worth practising for the growth and development of business.