



Small Medium and Micro Enterprise: SMME4

LESSON 12

Unit Standard: 10006 SO4

By the end of this lesson, you should be able to:

- 1. Define business ethics, code of conduct and social responsibility**
- 2. Importance of business ethics**
- 3. Purpose of code of conduct**
- 4. The inter relationship between business ethics and code of conduct**
- 5. Ways to address social responsibility**

WHAT IS BUSINESS ETHICS?

- Refers to an acceptable practices in which the business should conduct its activities on a daily basis
- Is the rules and principles that ensure best practices by a business and that are morally acceptable in the society.

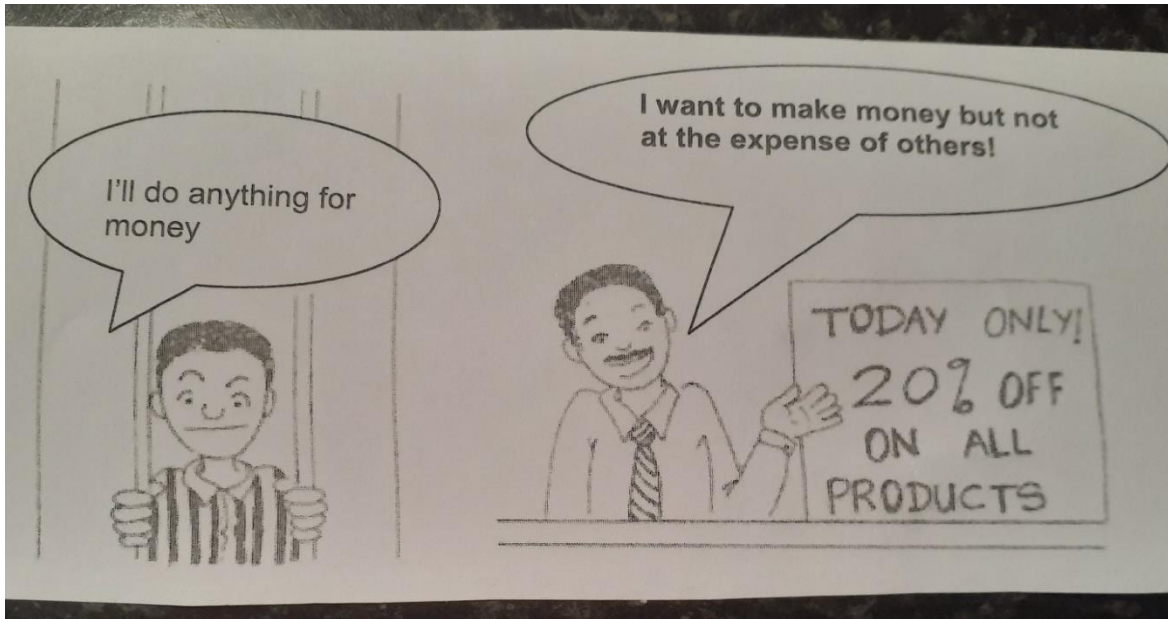
IMPORTANCE OF BUSINESS ETHICS

- Controls business malpractices
- Protection of the society
- Better relations with employees
- Improves customers satisfaction
- Increase profitability
- Improves business goodwill

BUSINESS ETHICS

1. Honesty

- Refers to be trustworthy/honest to the customers as the business owner
- Being reliable business owner

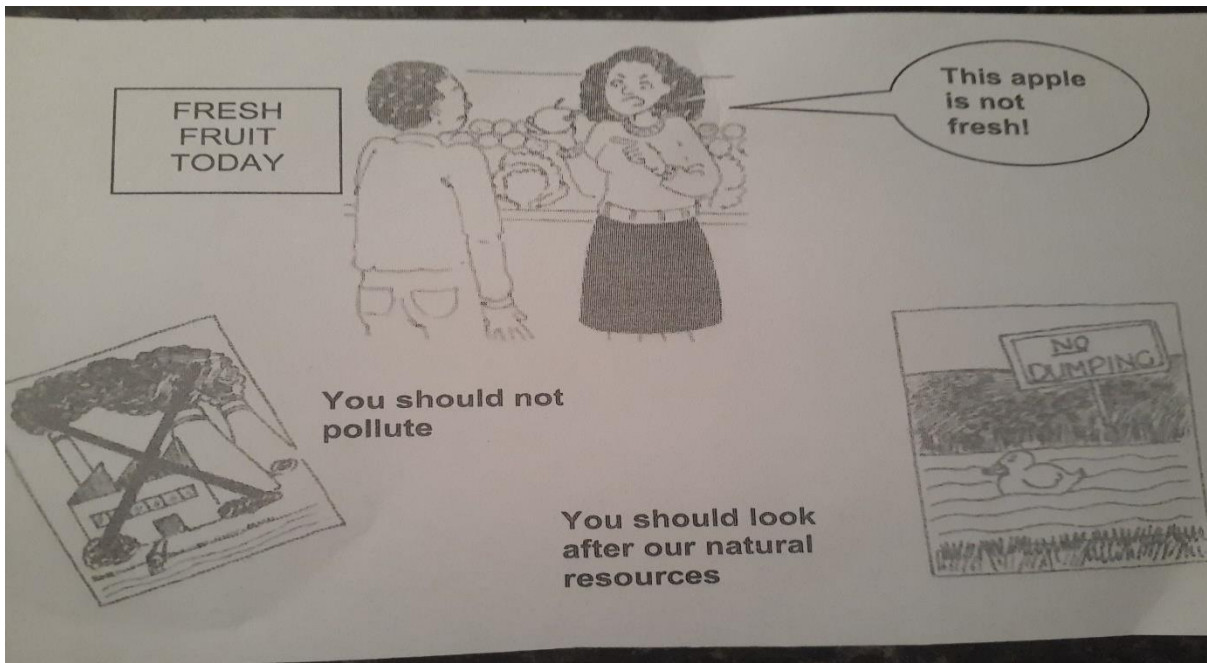


2. Justice

- Refers to fair treatment of an individual (customers/employees) in the business
- Giving each other what they deserves

3. Fairness

- Business must offer quality products/service
- Price of product/service be reasonable
- Business must not waste/pollute the environment
- Business must pay workers fairly

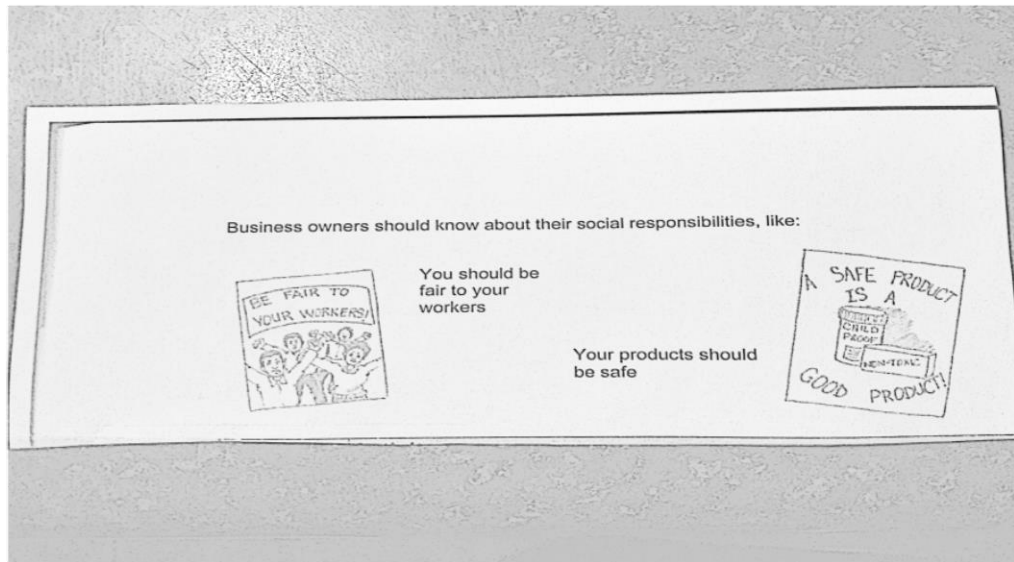


4. Honouring of contracts

Examples of contract in a business area

Contracts between employer & employees, business & supplier and business & customers

- It is a beneficial to both parties
- It spells out the rights and commitment each part



Honouring of contracts

THE DIAGRAM BELOW SHOWS THE INTE-RELATIONSHIP OF BUSINESS ETHICS



WHAT IS A CODE OF CONDUCT?

- It is a document, which protects the image of business and informs the employees of the company expectations.
- It have the rules that guides business ethics in a business/workplace or organisation.
- It outlines the roles and responsibility of an individual in a business/workplace or organisation.

PURPOSE OF THE CODE OF CONDUCT IN A BUSINESS

- It ensure good relations between the business and its customers.
- It guides the employees on how to behave in the workplace.
- It ensures that the business complies with the law.

WHAT IS SOCIAL RESPONSIBILITY?

- Refers to the duty that a business has towards the society and the environment in which it operates.
- It outlines the responsibility of an entrepreneur to respond to the social needs to the community such as unemployment and poverty.
- **NB** in these pandemic the entrepreneurs provide food parcel to the needy in our communities.

IMPORTANCE OF SOCIAL RESPONSIBILITY

- The business will attract/ retain investors
- It make the business to be marketable.
- To maintain brand image.
- To keep the customers engaged.
- Employees like to work on the business that engage on social responsibility.

INDIVIDUAL EXERCISE

1. Define the following concepts :

1.1 Business ethics (2)

1.2 Code of conduct (2)

2. Give **THREE** purpose of Code of conduct (6)

3. List **FOUR** ethical behaviour in a business

(4)

Read the scenario below and answer the questions

4.

Mary owns businesses in her community. Most people in that community are casual workers. They are working on no work no pay contracts. During the Covid19 lockdown, they do not have an income.

4.1 Mention three ways in addressing social responsibility.

(3)

4.2 Suppose you are Mary, what social responsibility measures will you undertake as an entrepreneur?

(2)

4.3 Discuss **FOUR** roles of social responsibility

(8)

GRAND TOTAL [27]

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