

## Member's Quarterly

## Spring 2026 Edition

### Feature

## Business Ethics: Doing the Right Thing

for the Right Reasons

*It's not 'One-Size-Fits-All'*

In our everyday life, ethics, which is derived from the Greek word "ethos", usually refers to our morals and standards - what we deem to be acceptable behaviour for ourselves and others. In the business world, ethics can be a set of practices and policies that organizations use to guide them through their daily work and help them to maintain a steady moral compass even when things are difficult. Business ethics can be used to cover a myriad range of workplace situations and decision-making processes. They can affect financial transactions, negotiations with suppliers and competitors and even how we treat our employees and customers.

They aren't law, although organizations in Canada clearly need to follow all laws and regulations or pay severe penalties. Rather, they are guiding principles that hold companies and their employees accountable and allow a business to build and maintain a good reputation. In fact, legal and ethical are not the same and most business ethics in any range of areas would go much farther than those proscribed by governments.

### Why business ethics are important

#### Consumers

Business ethics are the hall monitors of the corporate world. They help to shape not only how an organization operates on a daily basis, but how they are seen by the employees, customers and consumers who they would like to attract as customers. In a survey by giant accounting and consulting firm, Accenture, 40 percent of consumers said they would stop doing business with a company if they disagreed with their social or environmental policies. Moreover, over 60 percent responded that they make their personal purchasing decisions based on a company's ethical values and authenticity.

#### Employees

Business ethics are also a good sign to both your existing and potential employees about what you stand for and how you will treat them. Employees also take ownership of the business ethics in an organization and will police those ethics as their personal business. One recent study reported that in a workplace with a strong ethical foundation, over 80 percent of them would report wrongdoing by another employee if they saw it happen. When the leadership models good, ethical behaviour, it also encourages employees to follow suit.

### What should your business ethics cover?

You can choose to address social, labour and environmental issues in your business ethics discussions. They can also be dealt with in your corporate responsibility portfolio. You must lay down a set of principles and guidelines that address employee conduct and promote an ethical organizational culture. They should also come with examples of right and wrong behaviour along with the penalties for violating any particular area of your organization's ethics policy.



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Here are some areas that you should consider covering under your business ethics umbrella:

- General employee conduct while at work - What is expected of employees by the organization when it comes to ethical behaviour and giving their best performance.
- Confidentiality – Address central issues within the organization, sharing confidential information with other employees and departments, as well as with issues pertaining to the sharing of information with people outside the organization.
- Conflicts of Interest – Clearly define what constitutes “conflicts of interest” and give examples so that employees are sure about the types of things that fall under this. Make sure that you distinguish between acceptable conflicts of interest as opposed to those that are deemed unacceptable.
- Relationships with clients, customers, suppliers and vendors – What types of professional and personal relationships are acceptable? Should they even be disclosed? What would be the repercussions to the employee in the event of questionable relationships?
- Unethical behaviour – Define ethics in general and ensure that you outline which ones are strictly prohibited, such as taking kickbacks or bribes, disseminating confidential information and falsifying organization documents.
- Gifts – Are your employees permitted to accept gifts? If yes, how large may these gifts be? Are there any types of gifts that are strictly forbidden?
- Entertainment – Define what types of entertainment activities are allowed and how often they may occur as a result of a business relationship.
- Using the organization’s assets for personal activities and gain – Are employees allowed to use any company resources for personal purposes? Consider things like Internet access, office supplies, copiers, vehicles, etc.
- Reporting fraud or unethical behaviour – There is nothing wrong with encouraging employees to report suspicions of fraud and clearly outline the procedures in place once a complaint has been received or suspicious activities reported.

### Who should be covered under your business ethics policies?

This is an easy one. Every employee from the bottom to the top echelons of the organization should be subject to these policies. If they violate them, they should be punished the same way, whether they work in sales, marketing or in the executive suite. Your brand and your reputation are riding on this, and many organizations have learned the hard way that they cannot treat their senior executives who stray any different from the person in the warehouse.

Business ethics have to be applied equally and without favour to rank or title if they are going to be successful. To do otherwise risks alienating employees who will see the double standard and by clients and customers who witness bad behaviour at the senior levels and lose confidence in the organization’s ability to maintain the high standards that they have come to expect.

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