
SOCIO-ECONOMIC ASPECTS OF COMPLIANCE WITH BUSINESS ETHICS OF COMPANIES

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Abstract

This article is devoted to the impact of activities carried out on the basis of the rules and principles of business ethics on the economic and social efficiency of the enterprise and the benefits of compliance with them.

Keywords: business ethics, code management, compliance management, social foundations of ethics.

Introduction

The importance of business ethics in the business world is undeniable. It refers to a set of principles and values that should guide a company's decisions and actions towards its employees, customers, suppliers and society at large.

Business ethics creates trust between different market participants and can even be seen as a competitive advantage. Companies that operate with integrity are perceived by consumers as more trustworthy and responsible, leading to increased brand loyalty and increased sales.

Business ethics also helps prevent legal or financial disputes by promoting transparent and fair practices within and outside the organization. Likewise, by creating a fair and equitable work environment for all employees, their job satisfaction increases, which in turn increases their productivity. Finally, it should be noted that business ethics not only benefits companies, but also has a positive impact on the social environment in which they operate. By making informed decisions about environmental or social issues relevant to the surrounding community, they can have a significant positive impact. Maintaining good business ethics is not only important from a moral point of view, but also from an economic point of view, as it can directly affect their financial performance.

Business ethics provides many benefits both internally and externally. Ethics concerns the good individual behavior of each member of the company. Better results at the individual level provide business benefits, such as employees being more engaged in their work. They feel like they represent the company's values, and this influences their performance.

The organization's profitability increases. All people who have any relationship with the organization (customers, suppliers, employees, etc.) feel that they are upholding the

company's ethics, and this increases their loyalty. The company's employer brand has improved. This ensures talent retention and customer loyalty. Disputes and problems in business will decrease. Every employee knows how to act correctly in favor of norms and values. Members value promoting standards that promote equality, safety and dignity. Thus, they decide to stay with the company for a long time, which reduces employee turnover.

To apply the code of ethics in a company, the following rules must be observed:

1. Legal basis. The first step in creating a code of business ethics is to define the values and standards that represent the company and guide its activities. In this first step, it is necessary to analyze the content that will be included in the code of ethics. It is important to share and listen to the opinions of other team members so that improvements can be made where necessary.

Some companies have difficulty implementing a code of ethics if directors or managers are not interested in or do not understand its importance. It is important that senior management provide guidance and example in the application of business ethics in practice. Additionally, sometimes a lack of communication or understanding prevents agreement on content from being reached. All this complicates the application of the code of ethics and leads to the following disadvantages:

Decreased performance. Employees tend to feel aligned with the organization's values. If a company behaves unethically, it affects the commitment of employees, which means efficiency decreases.

Loss of reputation. Customers and society in general evaluate the company's ethical behavior positively. If this is not done, the company's reputation will deteriorate significantly, which may affect its profitability.

Legal issues. Ethics includes all types of behavior and principles: serious, such as combating harassment in the workplace, or moderate, such as cutting off communication and limiting the freedom of opinion of employees. Serious violations expose the company to serious legal problems, including sanctions.

2. Ethical approach. Once values and norms have been defined, it is important to determine who will be subject to the code. That is, if the people who must comply with the code are workers, suppliers, etc. Sometimes companies divide the rules depending on the target group.

3. Formation of a committee. The Ethics Committee is the body responsible for monitoring compliance with this Code. It should include representatives from all departments and must be people loyal to the company's values.

In addition to monitoring compliance, the committee has other functions: It is necessary to find ways to resolve conflicts and problems that arise in the company.

Consulting on ethical issues. For example, there may be workplace harassment or inequality issues internally, while externally there may be a lack of transparency in customer relations. Describe company policy, if applicable. Consider the interests and opinions of your target audience.

4. Strategy implementation. Companies have the opportunity to implement business ethics compliance tools. For example, ethics training can be provided to managers and employees.

5. Ethical audit. It is a public information system that promotes transparency; a tool for assessing ethical performance in an organization. According to ETNOR, ethical auditing

“complements and balances economic information with social and environmental information, subjecting it to the criteria of an external consultant.”

When talking about ethics, most people immediately think of the codes that certain categories of workers, such as journalists, doctors and lawyers, are subject to. In fact, these standards are necessary to train, guide and sanction the actions of these professionals.

However, although it may seem more important in some professions, business ethics should be a principle that applies to all industries. The reason for this is that it directly affects the entire operation of the company. Think internally about how certain actions, such as sexual and emotional abuse, can damage employee relationships. On the outside, fraud, tax evasion, and other violations can result in fines, arrests, and other legal penalties. Moreover, business ethics goes far beyond practices that can be punished by law. Interests, most of which are outside the legal sphere, influence human and social relations. Speech is unfortunately part of everyday life in some organizations, causing negative internal consequences as well as prejudice (ethnicity, gender, sexual orientation, etc.), gossip, lying and many other questioning behaviors. image and reputation of companies. A boss who prevents an employee from promoting because she is a woman, managers who disrespect and reprimand subordinates for their religion or beliefs are some examples of unethical behavior that can be common in these organizations.

In addition to creating a completely unpleasant business environment for employees, all this contributes to the formation of a negative image of the company in the market. After all, even those who do not adhere to moral principles do not associate with immoral people and institutions. It is even a factor that contributes to employee turnover and alienates many suppliers and business partners, preventing the company from growing or remaining in the market. In addition to their own interests, companies must ensure the interests of everyone associated with their activities and society as a whole. Companies must act in accordance with ethical principles and values. Incorporating a code of ethics into a company helps enhance the company's social image and helps build trust in the organization among employees and consumers, who today demand transparency, honesty and commitment to the environment more than ever.

Business ethics is an important issue in the world of business and work. Maintaining good ethics is critical to ensuring long-term growth and sustainable success. Companies that care about maintaining high ethical standards not only strengthen their reputations, but also create a positive and motivating environment for their employees. The practical application of business ethics requires loyalty, honesty, integrity and respect for others in the business. This also includes taking responsibility for your actions and those of your team. After all, business ethics should be an integral part of the corporate DNA of any serious company with long-term intentions. Responsible behavior not only helps enhance a company's brand equity and public image, but also helps build strong relationships both within and outside the industry. In general, business ethics is a normative discipline in which certain ethical standards are observed and then applied. He makes clear judgments about what is right and wrong, that is, he makes statements about what to do or what to do. Although there are some exceptions, business ethics is generally less concerned with the foundations of ethics (metaethics) or the justification of the most basic ethical principles, and more with practical problems and

applications, and any issues that may be relevant to business relationships with specific responsibilities. more involved. Business ethics can be viewed from several perspectives, including the perspective of the employee, the enterprise, and society as a whole. Situations often arise when a dispute arises between one or more parties, resulting in the interests of one party being violated at the expense of the other party(ies). For example, a certain result may be good for the employee, but bad for the company, society, or vice versa. Some ethicists believe that the main role of ethics is to reconcile and harmonize conflicting interests.

Ethical issues can arise when companies must adhere to multiple and sometimes conflicting legal or cultural standards, as is the case with multinational corporations operating in countries with different practices. The question arises, for example, should a company be subject to the laws of its home country or the less stringent laws of the developing country in which it does business? For example, US law prohibits companies from paying bribes both domestically and internationally; However, in other parts of the world, bribery is a common and “accepted” way of doing business. similar issues may arise in the areas of child labor, employee safety, working hours, wages, discrimination and environmental legislation.

Business ethics should be distinguished from business philosophy, a branch of philosophy that deals with the philosophical, political, and moral foundations of business and economics. economic sciences. For example, business ethics suggests that a private company can act ethically. Those who challenge this premise, such as libertarian socialists (who argue that “business ethics” is an oxymoron), do so by definition outside the scope of business ethics. Business philosophy also addresses issues such as the social responsibility of the business, if any; business management theory; theories of individualism and collectivism; free will of market participants; the role of self-interest; invisible hand theory ; demands for social justice; and natural rights in business, especially property rights. Business ethics is also related to political economy, which is economic analysis from a political and historical perspective. Political economy is concerned with the distributional consequences of economic actions. This is the central moral question of who gains and who loses from economic activity, and whether the resulting distribution is fair or equitable.

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