ORIGINAL ARTICLES

The investigation of the business ethics: reviews, appraises and critiques theoretical

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ABSTRACT

As an academic discipline, business ethics emerged in the 1970s. Since no academic business ethics journals or conferences existed, researchers published in general management journals, and attended general conferences. Over time, specialized peer-reviewed journals appeared, and more researchers entered the field. Corporate scandals in the earlier 2000s increased the field's popularity. As of 2009, sixteen academic journals devoted to various business ethics issues existed, with Journal of Business Ethics and Business Ethics Quarterly considered the leaders. Business ethics (also corporate ethics) is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations. Business ethics has both normative and descriptive dimensions. As a corporate practice and a career specialization, the field is primarily normative. Academics attempting to understand business behavior employ descriptive methods. The range and quantity of business ethical issues reflects the interaction of profit-maximizing behavior with non-economic concerns. Interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major corporations and within academia. For example, today most major corporations promote their commitment to non-economic values under headings such as ethics codes and social responsibility charters. Adam Smith said, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." Governments use laws and regulations to point business behavior in what they perceive to be beneficial directions. Ethics implicitly regulates areas and details of behavior that lie beyond governmental control. The emergence of large corporations with limited relationships and sensitivity to the communities in which they operate accelerated the development of formal ethics regimes.

Key words: ethics, Business ethics, Behaving Ethically

Introduction

A business (also known as enterprise or firm) is an organization engaged in the trade of goods, services, or both to consumers. Businesses are predominant in capitalist economies, where most of them are privately owned and administered to earn profit to increase the wealth of their owners. Businesses may also be not-for-profit or state-owned. A business owned by multiple individuals may be referred to as a company, although that term also has a more precise meaning.

The etymology of "business" relates to the state of being busy either as an individual or society as a whole, doing commercially viable and profitable work. The term "business" has at least three usages, depending on the scope — the singular usage to mean a particular organization; the generalized usage to refer to a particular market sector, "the music business" and compound forms such as agribusiness; and the broadest meaning, which encompasses all activity by the community of suppliers of goods and services. However, the exact definition of business, like much else in the philosophy of business, is a matter of debate and complexity of meanings.

Look in the newspaper on virtually any day of the week and you will find at least one business scandal in which a corporation appears to have violated the rules or standards of behavior generally accepted by society. Company finances have been manipulated in order to show a better balance sheet than actually exists, toxic waste has been allowed to flow into a river, bribes have been paid to secure a business deal, child labor has been used to assemble a product, discriminatory practices have prevented the employment or promotion of members of a particular group. When businesses behave unethically, they act in ways that have a harmful effect on others and in ways that are morally unacceptable to the larger community. This is very serious because corporate power and impact are increasing as corporations become larger (indeed, global) and as profit-making concerns take over functions that were once publicly controlled, such as the railroads, water utilities, and healthcare.

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Increasingly, it is the private sector that determines the quality of the air we breathe, the water we drink, our standard of living, and even where we live and how easily we can move around.

The philosophy of ethics: ethical theory Ethical theory is generally based upon moral philosophy and may be classified on many different dimensions, however, there are several basic ‘types’ of moral philosophy which are used in business ethics, such as egoism, utilitarianism, deontology, rights and relativism. Most of the different approaches may be considered as revolving around a focus on either the outcome of a situation (a consequentialist view) or upon the process or means to that outcome (nonconsequentialist).

Two examples of consequentialist or teleological philosophies are egoism and utilitarianism, while non-consequentialist philosophies include deontological approaches such as that of Immanuel Kant. While some of Kant’s writings are rather esoteric, his theory is often associated with the moral rights and duties of an individual; each person has both the right to expect to be treated according to universal moral laws and the corresponding duty to behave according to that law. The particular moral law according to which people should behave is known as the ‘categorical imperative’ and Kant proposed several versions of this law which, he claimed, were equivalent although their similarity is sometimes rather difficult to apprehend. In its first form, the categorical imperative states that one should ‘act as if the maxim of thy action were to become by thy will a universal law of nature’ (Kant, translated 1964). As Velasquez (1988) points out, the categorical imperative may be understood in a far less cumbersome and more readily accessible way by reference to the ‘Golden Rule’: ‘Do unto others as you would have them do unto you’. As well as such general theories of ethics, many theories of ethics in particular situations or in relation to particular problems have been proposed. The field of applied ethics is, however, too specialist and voluminous to consider in any depth here. Furthermore, the ever-widening theory–practice gap has resulted in what Bowie (1991) calls a ‘crisis of legitimacy’ in business ethics. Kaler (1999) went even further in his call to dispense entirely with ethical theory. Even if one accepts the importance and achievements of ethical philosophy, the types of universal laws which are proposed as a guide to human behaviour are often difficult to apply in a practical way during the everyday life of organizational actors or, indeed, during the academic research process. Of course, depending upon one’s view of the ‘project’ of business ethics, or what it aims to achieve, it could be argued that ethical theory need not concern itself with application to issues or problems, but could simply be about identifying what are good or bad reasons for particular courses of action. Such a view, however, fails to address the pragmatic concern for the management of organizational ethics (as well as the ecological validity of research into business ethics) because it ignores the actual acting out of ethical incidents within organizations. In any case, many authors (e.g. Bowie, 2000) have concurred with earlier suggestions (e.g. Brady and Logsdon, 1988; Randall, 1989) that much of the business ethics literature has a misplaced emphasis upon underlying philosophical theory and that researchers should focus instead upon the more psychological aspects of business ethics, such as behavioural intentions and the beliefs that shape those intentions how generally weak, if statistically significant, links to both ethical decision-making and subsequent behaviour. The theory does, at least, provide a teleological account of how an individual may develop morally and a rudimentary understanding of moral reasoning processes. The weaknesses of this approach, however, necessitate the drawing together of other strands in the diverse literature on organizational ethics if we are to move towards more integrated and practically useful theoretical frameworks.

Business ethics reflects the philosophy of business, one of whose aims is to determine the fundamental purposes of a company. If a company’s purpose is to maximize shareholder returns, then sacrificing profits to other concerns is a violation of its fiduciary responsibility. Corporate entities are legally considered as persons in USA and in most nations. The 'corporate persons' are legally entitled to the rights and liabilities due to citizens as persons.

Economist Milton Friedman writes that corporate executives' "responsibility... generally will be to make as much money as possible while conforming to their basic rules of the society, both those embodied in law and those embodied in ethical custom". Friedman also said, "the only entities who can have responsibilities are individuals... A business cannot have responsibilities. So the question is, do corporate executives, provided they stay within the law, have responsibilities in their business activities other than to make as much money for their stockholders as possible? And my answer to that is, no, they do not." A multi-country 2011 survey found support for this viewpoint among the "informed public" ranging from 30-80%. Duska views Friedman's argument as consequentialist rather than pragmatic, implying that unrestrained corporate freedom would benefit the most in long term. Similarly, author business consultant Peter Drucker observed, "There is neither a separate ethics of business nor is one needed", implying that standards of personal ethics cover all business situations. However, Peter Drucker in another instance observed that the ultimate responsibility of company directors is not to harm—primum non nocere. Another view of business is that it must exhibit corporate social responsibility (CSR): an umbrella term indicating that an ethical business must act as a responsible citizen of the communities in which it operates even at the cost of profits or other goals. In the US and most other nations corporate entities are legally treated as persons in some respects. For example, they can hold title to property, sue and be sued and are subject to taxation, although their free speech rights are limited. This can be interpreted to imply that they have independent ethical responsibilities. Duska argues that stakeholders have the right to expect a business to
be ethical; if business has no ethical obligations, other institutions could make the same claim which would be counterproductive to the corporation. Ethical issues include the rights and duties between a company and its employees, suppliers, customers and neighbors, its fiduciary responsibility to its shareholders. Issues concerning relations between different companies include hostile take-overs and industrial espionage. Related issues include corporate governance; corporate social entrepreneurship; political contributions; legal issues such as the ethical debate over introducing a crime of corporate manslaughter; and the marketing of corporations' ethics policies.

Business Ethics:

The business ethics can also be understood generally in terms of corporate social responsibility (CSR) (Singer, 1993). CSR is can be categorized as the level of economic legal, morality or ethical adapted to values of society expectation (Andrews, 1987; Carroll, 1979, Satih 1975). The term corporate social responsibility is understood as a subject of manager level but it is also consider in the business ethics literature (Friedman, 1962). The researcher, on the other side business ethics is divided into main Approaches (i) conceptual & (ii) empirical (Preble & Reichel, 1988), The main objective of conceptual approach to maximum clarity in the meaning of business ethics, moral conduct and social responsibility and also used with the recommended guideline to help the corporate leader to reach on ethical business decision (Bruyneke, 1983; Cavanagh et al, 1981; Hoffman & Moore, 1984). According to the second approach- empirical approach (Preble & Reichel, 1988), is used to places emphasis on examining the prevailing ethics, perceptions and attitude / behavior of general public, business peoples and universities students who regarded as the future business leader oftenly. The behavior or the attitude towards ethics of the business is referred to have “the subjective assessment by given individuals with respect to sets of premises that make a various business philosophies (Preble & Reichel, 1988 p 942).

The behavior towards business ethics shaping the core component of empirical study of business ethics. They also lighted the importance that some particular groups of individuals attaching to each of the philosophies underline the concept of business ethics.

The literature in classical text in which formed the managerial foundation had researched to recognize the themes as they evolved in literature recognizing the perceptional changing in the concept over time. More over recently literature available also reviewed the concepts and can available to use to understanding the recently changing brought in the concept.

Peter Drucker explicitly addressed the “social responsibility of business (The practices of management, book 1954, p. ix) Drucker also focusing on the CSR in which he considered the public responsibility as one of the eight key areas would be used for setting the business objectives. He, furtherly, the objective narrated in this areas must be in compliance of social condition and political arena which are concede organizational management (1954, p.82).Drucker fatherly identified that the manager has assumed responsibilities in the references to the public good, as he subordinated by his actions to an ethical standard of conduct. In the mean time he also pronounced in a clear way that the organization has to give first priority to the society in which it is doing business and he also realized that it is also important to pay attention on every business policy and actions effecting on the society. “it has to consider whether to action is likely to promote the public good, to advance to basic beliefs of our society , to contribute to its stability, strength and harmony” (1954, p388), Durker also said that it is an ultimate responsibility of the management for, itself, enterprises, heritage, society, and the way of life (1954, p392).

The other researchers like Batmard (1938) and Simon (1945) paid attention more to the moral ethical damnations of the individual behavior in organization. Philip Selznixc has done his basic work on values, he also worked to exploring to ethical/moral consideration and corporate social responsibility, (leadership in administration: A sociological perspective, 1957, p. ix) further said that a sound leadership of an organization would have to required the proper ordering of human affairs, incorporating the social order establishment, the determination of public interest, and defense of critical values”. He also strongly follower of this thought but peter Durker (1954) that the organizations had becoming publicly in natures that is why needed to handling of the problems off effecting the welfare of entire society. He also understood that the organizations which shifted from a narrow emphasis on profit making to a large social responsibility” had required to build special values into the corporation (1957, p.26-27) in general theory of marketing ethics, Hunt and Vitell proposed that “cultural norms/values affect the perceived ethical situation, alternatives, consequences probabilities of consequences, desirability of consequences and importance of the stakeholders” (1986 p. 10) but they were not specify in what way or extent the norms/values affect the ethical decision making. In 1992 Hunt & Vitell revised their general theory in which they again not specified how values affected in the ethical decision making besides the empirical test also did not examined the extent of influence of cultural values on the ethical making decision (Vitell & Hunt, 1990; Mayo & Marks, 1990; Singhapakdi & Vitell 1990; & Singhapakdi & Vitell 1991).
Kenneth R. Andrews in the concepts of corporate strategy concepted the ethical behavior as an outcome of values. He also identified emerging importance of the values, ethical/moral considerations and CSR (Corporate social responsibility). He further explained that the forms doing business only for the profit earning these forms had to obey the ethical behavior to earn the profit. He also advised that a company should follow good worked which are connected its plans of action with present and futuristic economics functions. He also suggested that a corporation should have economic and non-economic objectives which are harmony with the views as of Durker (1954) and Ansoff (1965), Andrew stated that the firms with having further action planning will have a strategy for support of its community institutions as explicit as its economic strategy and as its decision about the kind of organization it intends to be and the kid of people it intends to attract to its membership. R. Edward Freeman in his book, strategic management: a stakeholder approach, also acknowledge the developing the importance of ethics which are evidenced in building of ethics codes in business and increasing so, of ethics courses in business schools.

Presently the business are effects the most powerful institutions in the world, the expense of social responsibility has enlarged to include areas formally considered the domain of governments: quality of education and support of acts, funding and facilities for basic research, urban planning and development, would hanger and poverty, hard core unemployment. The more powerful business becomes in the world, the more responsibility for well being of the world it will be expected to bear” (Soloman, 1997; p. 204-206).

We obviously understand that CSR concept envisaged the social concerns in the business (Branda Joyer & Dinah Payne, 2002). It is question about our understanding level for values and ethics at present and how our leaders do supportive and ranking the ethical behavior in a corporation shown by individuals.

“…. Cultures set up the network of people and positions with whom we feel comfortable and, given enormous power of peer pressure in ethics, one should not be surprised that the culture of the corporation – rather than individual values- is the primary determinant of business ethics, different business provide different cultural, and different cultural define different values, different ethics, different lives”. (Solomon 1997, p. 140)Common Ethical Problems Within Corporations Given the increasing social impact of business, business ethics has emerged as a discrete subject over the last 20 years. Business ethics is concerned with exploring the moral principles by which we can evaluate business organizations in relation to their impact on people and the environment. Trevino and Nelson (2004) categorize four types of ethical problems that are commonly found in business organizations.

First are the human resource problems: These relate to the equitable and just treatment of current and potential employees. Unethical behavior here involves treating people unfairly because of their gender, sexuality, skin color, religion, ethnic background, and so on.

Second are ethical problems arising from conflicts of interest, when particular individuals or organizations are given special treatment because of some personal relationship with the individual or group making a decision. A company might get a lucrative contract, for example, because a bribe was paid to the management team of the contracting organization, not because of the quality of its proposal. Third are ethical problems that involve customer confidence. Corporations sometimes behave in ways that show a lack of respect for customers or a lack of concern with public safety. Examples here include advertisements that lie (or at least conceal the truth) about particular goods or services, and the sale of products, such as drugs, where a company conceals or obfuscates negative data about safety and/or efficacy.

Finally, there are ethical problems surrounding the use of corporate resources by employees who make private phone calls at work, submit false expense claims, take company stationery home, etc. The financial scandals that have rocked the corporate world in recent years (Enron, WorldCom, Parmalat, Lehman Brothers, for example) have involved a number of these different ethical issues. In these cases, senior managers have engaged in improper bookkeeping, making companies look more financially profitable than they actually are. As a consequence the stockholder value of the company increases, and anyone with stock profits directly. Among those profiting will be those making the decisions to manipulate the accounts and so there is a conflict of interest. However, the fallout from the downfall of these companies affects stockholders, employees, and society at large negatively, with innocent people losing their retirement reserves and/or savings, and employees losing their jobs.

Another category can be added to this list—ethical problems surrounding the use of the world’s environmental resources. Many organizations have externalized the costs associated with their negative impact on the environment, whether in relation to their own operations to produce goods and services, or in terms of the use and later the disposal of the goods that they have sold. Externalizing means that organizations do not themselves pay for the environmental costs that they create. For example, carbon dioxide emissions, a by-product of energy use for all kinds of organizations, are now recognized as contributing to global warming; computer equipment contains toxic waste that pollutes the land where it is dumped; and packaging of all kinds, including plastic bags that are handed out by supermarkets, are creating mounting problems as local authorities run out of landfill sites. Increasingly, ethical business is seen to require that a business takes into account and offsets its “environmental footprint” so that it engages in
sustainable activity. Sustainability broadly means that a business meets the needs of the present without compromising the ability of future generations to meet their needs.

Accounting for Ethical and Unethical Behavior:

While it may be very easy to identify and blame an individual or small group of individuals, to see these individuals as the perpetrators of an unethical act—the “bad apple”—and hold them responsible for the harm caused, is an oversimplification. Most accounts of unethical behavior that are restricted to the level of the individual are inadequate. Despite popular belief, decisions harmful to others or the environment that are made within organizations are not typically the result of an isolated, immoral individual seeking to gain personally. Although an individual’s level of moral maturity or the locus of control (for example, the degree to which they perceive they control their behaviors and actions) are factors, we also need to explore the decision-making context—the group dynamics and the organizational practices and procedures—to understand why an unethical decision was made.

Group dynamics influence the decision-making process. A particularly important group-level influence is groupthink, a phenomenon identified by Irving Janis (1982) in his research on US foreign policy groups. The research demonstrates the presence of strong pressures towards conformity in these groups: individual members suspend their own critical judgment and right to question, with the result that they make bad and/or immoral decisions. Janis defines groupthink as “the psychological drive for consensus at any cost that suppresses dissent and appraisal of alternatives in cohesive decision-making groups.” The degree to which decisions are ethical is also influenced by organizational culture or climate.

Organizational ethical climates can differ; some are more egoistic, others are more benevolent, still others are highly principled, and these contexts can shape a manager’s ethical decision-making. Smith and Johnson (1996) identify three general approaches that organizations take to corporate responsibility:

• Social obligation: The corporation does only what is legally required.
• Social responsiveness: The corporation responds to pressure from different stakeholder groups.
• Social responsibility: The corporation has an agenda of proactively trying to improve society.

In a company in which the dominant approach to business ethics is social obligation, it is likely to be difficult to justify a decision based on ethical criteria; morally irresponsible behavior may be condoned as long as it does not break the law. Legal loopholes, for example, may be exploited in such a company if these can benefit the company in the short term, even if they might have a negative influence on others in society.

Ethical Dilemmas:

Sometimes it is clear that a business has behaved unethically—for example, where a drug is sold illegally, the company accounts have been falsely presented, or where client funds have been embezzled. Of more interest, and much more common, are situations that pose an ethical dilemma—situations that present a conflict between right and wrong or between values and obligations—so that a choice is necessary. For example, a corporation may want to build a new factory on a previously undeveloped and popular tourist site in a location where there is large-scale unemployment among the local population. Here we have a conflict between the benefits of wealth and job creation in a location in which these are crucial and the cost of spoiling some naturally beautiful countryside. Philosophers have attempted to develop prescriptive theories providing universal laws that enable us to differentiate between right and wrong, and good and bad, in these situations

Prescriptive Ethical Theories:

Essentially there are two schools of thought. The consequentialists argue that behavior is ethical if it maximizes the common good (happiness) and minimizes harm. The opposing nonconsequentialists argue that behavior is ethical if it is motivated by a sense of duty or a set of moral principles about human conduct — regardless of the consequences of the action.

Casuistry was so thoroughly discredited that the only mention of it to be found in most textbooks on the history of philosophy is in connection with its ultimate adversaries—Spinoza and Pascal. Indeed, only 10 or 15 years ago, few if any philosophers would have thought it possible for anything like "business ethics" to emerge. "Particularist ethics," a set of ethics that postulates that this or that group is different in its ethical responsibilities from everyone else, would have been considered doomed forever by the failure of casuistry. Ethics, almost anywhere in the West would have considered axiomatic, would surely always be ethics of the individual and independent of rank and station.But there is another, non-Western ethics that is situational. It is the most successful and most durable ethics of them all: the Confucian ethics of interdependence.Confucian ethics elegantly sidesteps the trap into which the Casuists fell; it is a universal ethics, in which the same rules and imperatives of behavior hold for every individual. There is no "social responsibility" overriding individual
Parents, in turn, owe affection, sustenance and, yes, respect, to their children. For every paragon of filial interdependence demands equality of obligations. Children owe obedience and respect to their parents.

479 B.C., considers illegitimate and unethical the injection of power into human relationships. It asserts that interdependence.

This makes it exploitation. That this "insincere,"-that is, grossly unethical behavior on the part of a superior takes place within a business or any other kind of organization, is basically irrelevant.

The master/servant or superior/subordinate relationship is one between individuals. Hence, the Confucian would make no distinction between a general manager forcing his secretary into sexual intercourse and Mr. Samuel Pepys, England's famous 17th century di- * No word has caused more misunderstanding in East/West relations than "sincerity." To a Westerner, "sincerity" means "words that are true to conviction and feelings"; to an Easterner, "sincerity" means "actions that are appropriate to a specific relationship and make it harmonious and of optimum mutual benefit." For the Westerner, "sincerity" has to do with intentions, that is, with morality; to the Easterner, "sincerity" has to do with behavior, that is, with ethics. Arist, forcing his wife's maids to submit to his amorous advances. It would not even make much difference to the Confucian that today's secretary can, as a rule, quit without suffering more than inconvenience if she does not want to submit, whereas the poor wretches in Mrs. Pepys' employ ended up as prostitutes, either because they did not submit and were fired and out on the street, or because they did submit and were fired when they got pregnant.

Nor would the Confucian see much difference between a corporation ice-president engaging in "sexual harrassment" and a college professor seducing coeds with implied promises to raise their grades. And finally, it would be immaterial to the Confucian that the particular "insincerity" involves sexual relations. The superior would be equally guilty of grossly unethical behavior and violation of fundamental rules of conduct if, as a good many of the proponents of "business ethics" ardently advocate, he were to set himself up as a mental therapist for his subordinates and help them to "adjust."

No matter how benevolent his intentions, this is equally incompatible with the integrity of the superior/subordinate relationship. It equally abuses rank based on function and imposes power. It is therefore exploitation whether done because of lust for power or manipulation or done out of benevolence-either way it is unethical and destructive. Both sexual relations and the healer/patient relationship must be free of rank to be effective, harmonious, and ethically correct. They are constructive only as "friend to friend" or as "husband to wife" relations, in which differences in function confer no rank whatever.

This example makes it clear, I would say, that virtually all the concerns of "business ethics," indeed almost everything "business ethics" considers a problem, have to do with relationship of interdependence, whether that between the organization and the employee, the manufacturer and the customer, the hospital and the patient, the university and the student, and so on. Looking at the ethics of interdependence immediately resolves the conundrum which confounds the present discussion of "business ethics": What difference does it make whether a certain act or behavior takes place in a "business," in a "non-profit organization," or outside any organization at all? The answer is clear: None at all. Indeed the questions that are so hotly debated in today's discussion of "business ethics," such as whether changing a hospital from "nonprofit" to "proprietary and for profit" will affect either its behavior or the ethics pertaining to it, the most cursory exposure to the ethics of interdependence reveals as sophistry and as nonquestions. The ethics of interdependence thus does address itself to the question which "business ethics" tries to tackle. But today's discussion, explicit or implicit, denies the basic insight from which the ethics of interdependence starts and to which it owes its strength and durability: It denies interdependence.

The ethics of interdependence, as Confucian philosophers first codified it shortly after their Master's death in 479 B.C., considers illegitimate and unethical the injection of power into human relationships. It asserts that interdependence demands equality of obligations. Children owe obedience and respect to their parents.

Parents, in turn, owe affection, sustenance and, yes, respect, to their children. For every paragon of filial piety in Confucian hagiology, such as the dutiful daughter, there is a paragon of parental sacrifice, such as the loving father who sacrificed his brilliant career at the court to the care of his five children and their demands on his time and attention. For every minister who risks his job, if not his life, by fearlessly correcting an Emperor guilty of violating harmony, there is an Emperor laying down his life rather than throw a loyal minister to the political wolves. In the ethics of interdependence there are only "obligations," and all obligations are mutual obligations. Harmony and trust-that is, interdependence-require that each side be obligated to provide what the other side needs to achieve its goals and to fulfill itself. But in today's American-and European-discussion of
"business ethics," ethics means that one side has obligations and the other side has rights, if not "entitlements." This is not compatible with the ethics of interdependence and indeed with any ethics at all. It is the politics of power, and indeed the politics of naked exploitation and repression. And within the context of interdependence the "exploiters" and the "oppressors" are not the "bosses," but the ones who assert their "rights" rather than accept mutual obligation, and with it, equality. To "redress the balance" in a relationship of interdependence-or at least so the ethics of interdependence would insist-demands not pitting power against power or right against right, but matching obligation to obligation. To illustrate: Today's "ethics of organization" debate pays great attention to the duty to be a "whistle-blower" and to the protection of the "whistle-blower" against retaliation or suppression by his boss or by his organization. This sounds high-minded. Surely, the subordinate has a right, if not indeed a duty, to bring to public attention and remedial action his superior's misdeeds, let alone violation of the law on the part of a superior or of his employing organization. But in the context of the ethics of interdependence, "whistle-blowing" is ethically quite ambiguous. To be sure, there are misdeeds of the superior or of the employing organization which so grossly violate propriety and laws that the subordinate (or the friend, or the child, or even the wife) cannot remain silent. This is, after all, what the word "felony" implies; one becomes a partner to a felony and criminally liable by not reporting, and thus "compounding" it. But otherwise? It is not primarily that to encourage "whistle-blowing" corrodes the bond of trust that ties the superior to the subordinate. Encouraging the "whistle-blower" must make the subordinate lose his trust in the superior's willingness and ability to "protect his people." They simply are no longer "his people" and become potential enemies or political pawns. And in the end, encouraging and indeed even permitting "whistle-blowers" always makes the weaker one—that is, the subordinate—powerless against the unscrupulous superior, simply because the superior no longer can recognize or meet his obligation to the subordinate.

"Whistle-blowing," after all, is simply another word for "informing." And perhaps it is not quite irrelevant that the only societies in Western history that encouraged informers were bloody and infamous tyrannies—Tiberius and Nero in Rome, the Inquisition in the Spain of Philip II, the French Terror, and Stalin. It may also be no accident that Mao, when he tried to establish dictatorship in China, organized "whistle-blowing" on a massive scale. For under "whistle-blowing," under the regime of the "informer," no mutual trust, no interdependencies, and no ethics are possible. And Mao only followed history's first "totalitarians," the "Legalists" of the Third Century B.C., who suppressed Confucius and burned his books because he had taught ethics and had rejected the absolutism of political power.

The limits of mutual obligation are indeed a central and difficult issue in the ethics of interdependencies. But to start out, as the advocates of "whistle-blowing" do, with the assumption that there are only rights on one side, makes any ethics impossible. And if the fundamental problem of ethics is the behavior in relations of interdependence, then obligations have to be mutual and have to be equal for both sides. Indeed, in a relationship of interdependence it is the mutuality of obligation that creates true equality, regardless of differences in rank, wealth, or power. Today's discussion of "business ethics" stridently denies this. It tends to assert that in relations of interdependence one side has all the duties and the other one all the rights. But this is the assertion of the Legalist, the assertion of the totalitarians who shortly end up by denying all ethics. It must also mean that ethics becomes the tool of the powerful. If a set of ethics is one-sided, then the rules are written by those that have the position, the power, the wealth. If interdependence is not equality of obligations, it becomes domination. Looking at "business ethics" as an ethics of interdependence reveals an additional and equally serious problem—indeed a more serious problem.

Can an ethics of interdependence be anything more than ethics for individuals? The Confucians said "no"—a main reason why Mao outlawed them. For the Confucian—but also for the philosopher of the Western tradition—only/aw can handle the rights and objections of collectives. Ethics is always a matter of the person.

But is this adequate for a "society of organizations" such as ours? This may be the central question for the philosopher of modern society, in which access to livelihood, career and achievement exist primarily in and through organizations—and especially for the highly-educated person for whom opportunities outside of organization are very scarce indeed. In such a society, both the society and the individual increasingly depend on the performance, as well as the "sincerity," of organizations.

But in today's discussion of "business ethics" it is not even seen that there is a problem.

Business ethics," this discussion should have made clear, is to ethics what soft porn is to the Platonic Eros; soft porn too talks of something it calls "love." And insofar as "business ethics" comes even close to ethics, it comes close to casuistry and will, predictably, end up as a fig leaf for the shameless and as special pleading for the powerful and the wealthy.

Clearly, one major element of the peculiar stew that goes by the name of "business ethics" is plain old-fashioned hostility to business and to economic activity altogether—one of the oldest of American traditions and perhaps the only still-potent ingredient in the Puritan heritage. Otherwise, we would not even talk of "business ethics." There is no warrant in any ethics to consider one major sphere of activity as having its own ethical problems, let alone its own "ethics." "Business" or "economic activity" may have special political or legal
dimensions as in "business and government," to cite the title of a once-popular college course, or as in the antitrust laws. And "business ethics" may be good politics or good electioneering.

But that is all. For ethics deals with the right actions of individuals. And then it surely makes no difference whether the setting is a community hospital, with the actors a nursing supervisor and the "consumer" a patient, or whether the setting is National Universal General Corporation, the actors a quality control manager, and the consumer the buyer of a bicycle.

But one explanation for the popularity of "business ethics" is surely also the human frailty of which Pascal accused the Casuists of his day: the lust for power and prominence of a clerisy sworn to humility. "Business ethics" is fashionable, and provides speeches at conferences, lecture fees, consulting assignments, and lots of publicity. And surely "business ethics," with its tales of wrongdoing in high places, caters also to the age-old enjoyment of "society" gossip and to the prurience which—t was, I believe, Rabelais who said it—makes it fornication when a peasant has a toss in the hay and romance when the prince does it.

Altogether, "business ethics" might well be called "ethical chic" rather than ethics—and indeed might be considered more a media event than philosophy or morals.

But this discussion of the major approaches to ethics and of their concerns surely also shows that ethics has as much to say to the individual in our society of organizations as they ever had to say to the individual in earlier societies. They are just as important and just as needed nowadays. And they surely require hard and serious work.

A society of organizations is a society of interdependence. The specific relationship which the Confucian philosopher postulated as universal and basic may not be adequate, or even appropriate, to modern society and to the ethical problems within the modern organization and between the modern organization and its clients, customers, and constituents. But the fundamental concepts surely are. Indeed, if there ever is a viable "ethics of organization," it will almost certainly have to adopt the key concepts which have made Confucian ethics both durable and effective:

- clear definition of the fundamental relationships;
- universal and general rules of conduct—that is, rules that are binding on any one person or organization, according to its rules, function, and relationships;--focus on right behavior rather than on avoiding wrongdoing, and on behavior rather than on motives or intentions; and finally, -an effective organization ethic, indeed an organization ethic that deserves to be seriously considered as "ethics," will have to define right behavior as the behavior which optimizes each party's benefits and thus makes the relationship harmonious, constructive, and mutually beneficial. But a society of organizations is also a society in which a great many people are unimportant and indeed anonymous by themselves, yet are highly visible, and matter as "leaders" in society. And thus it is a society that must stress the Ethics of Prudence and self-development. It must expect its managers, executives, and professionals to demand of themselves that they shun behavior they would not respect in others, and instead practice behavior appropriate to the sort of person they would want to see "in the mirror in the morning."

**Consequentialist Accounts of Ethical Behavior:**

Philosophers who adopt the consequentialist approach (sometimes also referred to as utilitarianism) consider that behavior can be judged ethical if it has been enacted in order to maximize human happiness and minimize harm. Jeremy Bentham (1748–1832) and John Stuart Mill (1806–73) are two of the best-known early proponents of this view. Importantly it is the common good, not personal happiness, that is the arbiter of right and wrong. Indeed, we are required to sacrifice our personal happiness if doing so enhances the total sum of happiness. For someone faced with a decision choice, the ethical action is the one that achieves the greatest good for the greatest number of people after weighing the impact on those involved. Common criticisms of this approach are that it is impossible to measure happiness adequately and that it essentially condones injustice if this is to the benefit of the majority.

**Nonconsequentialist Accounts of Ethical Behavior:**

Philosophers who adopt a nonconsequentialist approach (also referred to as deontological theory) argue that behavior can be judged as ethical if it is based on a sense of duty and carried out in accordance with defined principles. Immanuel Kant (1724–1804), for example, articulated the principle of respect for persons, which states that people should never be treated as a means to an end, but always as an end in themselves; leading to the easy to remember maxim—do as you would be done by. The idea here is that we can establish moral judgments that are true because they can be based on the unique human ability to reason. One common criticism of this approach is that it is impossible to agree on the basic ethical principles of duty or their relative weighting in order to direct choices when multiple ethical principles are called into question at the same time, or when decisions cut across cultures with different ethical principles.
Why Behaving Ethically Is Important for Business:

Choosing to be ethical can involve short-term disadvantages for a corporation. Yet in the long term it is clear that behaving ethically is the key to sustainable development. When you’re faced with an ethical dilemma in which the immoral choice looks appealing, ask yourself three questions:

1. **What will happen when (not if) the action is discovered?** Increasingly, the behavior of corporations is under scrutiny from their various stakeholders—customers, suppliers, stockholders, employees, competitors, regulators, environmental groups, and the general public. People are less willing to keep quiet when they feel an injustice has been done, and the internet and other media give them the means to make their concerns very public, reaching a global audience. Corporations that behave unethically are unlikely to get away with it, and the impact when they are discovered can be catastrophic. This leads to the second question.

2. **Is the decision really in the long-term interests of the corporation?** Many financial services companies in the United Kingdom generated short-term profits in the 1990s by mis-selling personal pensions to people who would have been better off staying in their company’s pension plan. However, in the long term these companies have suffered by having to repay this money and pay penalties. Most significantly, the practice has eroded public confidence. The same is true of many banks and mortgage brokers in the first part of the 21st century when they sold mortgages to individuals who could not afford to repay their debts. The eventual result was that large numbers defaulted, causing a meltdown in the global financial system beginning in 2008.

3. **Will organizations that behave unethically attract the employees they need?** Corporations that harm society or the environment are actually harming their own employees, including those who are making the decisions. For example, corporations that pour toxins into the air are polluting the air their employees’ families breathe. Ultimately, a business relies on its human resources. If a company cannot attract high-quality people because it has a poor public image based on previous unethical behavior, it will certainly flounder.

Behaving ethically is clearly key to the long-term sustainability of any business. Focusing on the triple bottom line—the social and environmental as well as the economic impact of a company—provides the basis for sound stakeholder relationships that can sustain a business into the future.

Conclusions:

Business ethics is part of the philosophy of business, the branch of philosophy that deals with the philosophical, political, and ethical underpinnings of business and economics. Business ethics operates on the premise, for example, that the ethical operation of a private business is possible—those who dispute that premise, such as libertarian socialists, (who contend that “business ethics” is an oxymoron) do so by definition outside of the domain of business ethics proper.

The philosophy of business also deals with questions such as what, if any, are the social responsibilities of a business; business management theory; theories of individualism vs. collectivism; free will among participants in the marketplace; the role of self interest; invisible hand theories; the requirements of social justice; and natural rights, especially property rights, in relation to the business enterprise.

Business ethics is also related to political economy, which is economic analysis from political and historical perspectives. Political economy deals with the distributive consequences of economic actions. It asks who gains and who loses from economic activity, and is the resultant distribution fair or just, which are central ethical issues.

Although theoretical bases for the study of business ethics have been offered in the form of both moral philosophies and the psychology of moral development, these approaches are only of limited value when it comes to attempting to apply ethical theory to real-life situations (e.g. Bowie, 2000; Cornelius and Gagnon, 1999). In this connection, Maclagan (1995) has suggested that business ethics researchers need to recognize the complexity and disorder of real-life management practice and adopt methods of investigation and theoretical and conceptual frameworks that allow for this, rather than attempting to borrow from the abstract concepts of philosophical ethics theory. The limited description of the ethical decision-making process offered by Kohlbeg’s stages of CMD, coupled with the theoretical criticisms and limitations of this approach (e.g. Marnburg, 2001) also make this a less than satisfactory theoretical framework for understanding ethical decision-making at work.

Codes of ethics are probably the most visible sign of a company's ethical philosophy. In order for a code of ethics to be meaningful, it must clearly state its basic principles and expectations; it must realistically focus on the potential ethical dilemmas which may be faced by employees; it must be communicated to all employees; and it must be enforced. Further, a meaningful code of ethics cannot rely on blind obedience. It must be accepted and internalized by the employees who are required to implement it. This means that managers must attend not only to the content of the code but also to the process of determining that content. To be most effective, a code should be developed and disseminated in an open, participative environment involving as many employees as possible. Since individuals are likely to face ethical issues most of their lives, there is little doubt
that potential employees have significant ethical decision histories when they apply. Thus the first line of defense against unethical behavior in the organization is the employment process. There are several methods available to organizations for ethical screening. These techniques vary widely in terms of costs and benefits. Further, these techniques may vary widely in terms of their legality and may themselves have ethical implications. Paper and pencil honesty tests are one technique which may be used for ethical screening in organizations. These tests seem to be reasonably valid with low costs and short time periods involved in administration (Sackett and Harris, 1984). Employees need to have an experiential awareness of the types of ethical dilemmas they may face, and they need to know what actions to take in these dilemmas. Providing ethics training for employees is one key to increasing this awareness. Ethics training normally begins with orientation sessions and open discussions of the firm's code of ethics. Employees should be encouraged to participate at a high level in these sessions as well as in other training that follows. This is often followed by the use of fictitious ethical scenarios which simulate situations that employees may face on the job. Providing sales persons with scenarios involving improper gifts or kickback offers gives employees a chance to make ethical decisions in realistic situations and to discuss these decisions openly with peers, supervisors, etc. Organizations such as McDonnell Douglas and General Dynamics have used scenario training to transform their codes of ethics from simple documents to tools for training, education and communication about ethical standards (Otten, 1986).

References