

# Introduction in as mentioned by Jones et al.,

Business, Business Ethics



IntroductionIn general, ethics as a field deals with the systematisation, defence and recommendation of concepts that differentiate right from wrong behaviour (Babiak & Robert, 2007). As mentioned by Jones et al., (2005), acting ethically, either as an individual or an organisation involves ensuring that there is the minimal adverse impact on the parties that are affected by the action.

In many cases, there is a contradiction of doing what is ethically right and doing what interests or satisfies an individual/corporation (Mani, 2014). For instance, ensuring sustainable production in a factory is ethically right, but requires a lot of investment in research and development in order to find the most sustainable production approach. In essence, it is cheaper to channel effluents into rivers without treating them, but it is ethical to treat them before releasing them. This eats into the company's profitability, which is in contrast to the profit optimisation objective of any organisation. Individually, as argued by Emmanuel Levinas (Wyschogrod, 2000), everyone is indebted to others because our very existence is always at the expense of others in different ways. As this paper discusses this concept of ethics, it acknowledges that it is important for both corporations and individuals to be able to respond to ethical issues that may emerge or affect them in different ways. It makes consideration of how organisations and individuals can respond to ethical issues that face them. In so doing, it also discusses how the different ways in which they respond can become a way in which the demands of ethics can be silenced or avoided.

To properly illustrate this, ethical dilemma examples are used, and ways in which they can be addressed suggested. Addressing Ethical IssuesPerhaps

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some of the questions that are commonly asked about ethics include where the demand is, and who is included/excluded in the ethical action. It is a common understanding that through acting ethically, or responding to ethical issues in the right way, it might hurt some parties, but will be for the overall good (Jones et al., 2005; Unger, 1996). There are several ethical issues and dilemmas that face individuals and organisations on a daily basis, and addressing them in a prompt manner has an impact on the different parties involved (Cunha et al., 2010; Ibarra-Colado et al., 2006). According to the Platonic domain which revolves around knowledge of right and wrong, ethics entails what ought to be done and how individuals and organisations ought to behave (Murphy, 2014).

The Socratic tradition also provides another perspective on the subject of ethics on a more individual level, mentioning that it is about how one should live (Peters, 2015). It recommends an examination of the decisions and actions of individuals because a life that is unexamined is not worth living. Being such a wide subject that does not give a singular way to be approached; researchers in this field have suggested different approaches that can be used in gaining an understanding into this phenomenon (Ten Bos, 1997; Ibarra-Colado et al., 2006; Butler, 2005). These are the utilitarian approach, the rights approach, the fairness approach, the common good approach and the virtue approach (Clegg et al., 2007). These approaches address the concept of ethics differently but are all inclined towards that reduction of harm or damage to any parties that may be affected by an action or decision.

There are several theoretical models that can be used in explaining the concept of ethics. One of these is the virtue ethics theory which suggests that the character of an individual is important than anything else leading (MacKinnon & Fiala, 2014; Bauman & Donskis, 2013). An ethical life that involves doing right actions needs an individual to develop and also demonstrate the virtues of temperance, wisdom, compassion and courage. In addition, it requires one to avoid vices like selfishness, jealousy and greed. The theory of utilitarianism proposes that what is more significant is the amount of suffering and happiness created by an individual's actions (Sheng, 2012).

Hence, acting rightly embroils maximising the amount of happiness and reducing the amount of suffering. Sometimes an individual may even be required to break the customary moral rules to attain such a result. Another model is the Kantianism theory which emphasis on the principles behind actions instead of concentrating on the results of actions (Shafer-Landau, 2014). Hence acting needs one to be motivated by appropriate universal principles that treat all people with respect.

When an individual is motivated by the proper principles, he or she needs to overcome their animal instincts and act in an ethical manner (Smith, 2011). The contrary theory emphasises thinking about individual ethics in terms of agreements between individuals. According to this theory, doing the right thing involves abiding by the agreements that members of a rational community would select (Broad, 2014). Contract theorists, therefore, view ethics as not being all about principles, consequences and character. There

are differences in the way ethical issues and dilemmas are handled by individuals and the way in which they are handled by organisations (Bauman, 1991; Bakan, 2005). Below is a discussion of how organisations and individuals can address ethical issues that they may face, with reference to different ethical theories and approaches.

**Individual Level Ethics** Individual ethics are the essential values and principles that manage relations among persons. These ethics include a selection of philosophy that regulates what an individual believes is right and wrong as well as morality (Shaw, 2013). Good individual ethics are usually those that have a positive effect on the experience of others when utilised to regulate the business or related social behaviour.

Such ethics should not negatively affect others. Individual ethics emanate from outside governments or organisations and not the conscience of an individual (Waller, 2013). These ethics have an impact all aspects of life including relationships, finances and family.

Rarely are individual ethics identified by philosophical institutions as a formal feature for philosophical investigation (MacKinnon & Fiala, 2014). However, it is widely known that the history of philosophy includes much work about personal choices, bad and good ways of living as well as the articulation of what is seen as good living on an individual level. Philosophers address bad and good values in terms religion, culture and politics and they took seriously individual values and struggles that involved ordinary things (Sheng, 2012; Bauman, 1994). An important thing to address in the

individual ethics domain is the identification of when a matter is personal or public (Thomas, 2015).

According to Thomas (2015), it is important for people to have a zone in which they are not observed and are free to do whatever they wish. An example of an ethical dilemma was the involvement of De Beers, one of the leading companies in diamonds industry in the purchase of diamonds that were mined under forced and child labour (Munier, 2016). These are relatively cheaper than other varieties of diamonds because the companies mining these diamonds utilise the labour of exploited individuals in the Republic of Congo, the the Central African Republic and other third world countries (Shafer-Landau, 2014). These labourers are poor and do not have other means of living other than working in the diamond mines. These diamonds were then sold by De Beer to major markets in the United States and Europe and are put up for sale in top jewellery shops (The Economist, 2017). Whereas the international community discourages the purchase of such diamonds by businesses, some major brands such as Bulgari and Cartier failed to show sufficient evidence that they indeed do not indulge in the purchase of such diamonds (Yeomans, 2016).

The actions of these companies are therefore considered as not being ethical because they are considered as promoting the mistreatment of the workers. The dilemma attached to this, however, is that not buying the diamonds will lead to these very labourers lacking the opportunity to earn some money to take care of their families, and may opt to engage in criminal activities. Individuals have also fuelled this by making purchases from these companies

because they are offered at a relatively low price. The best ethical response to such a dilemma is deciding not to purchase products that are produced under unethical labour conditions.

The virtue ethics theory proposes that personal ethics should demonstrate the virtues of compassion and courage (Broad, 2014). Since the people working in the diamond mines are being mistreated and paid low wages, refusing to buy products such as blood diamonds in a bid to end their mistreatment is a sign of compassion as this would end their suffering at work. If individuals decide to stop the purchase of these products, these companies will have no market for their products, and as such, the mining companies identified to be maltreating employees will run out of business. This is in line with the utilitarianism theory which suggests which suggests that actions are acceptable if they benefit more people, even though they may be adverse for a few parties (Smith, 2011). Abstaining of such products has also been facilitated by recommending companies to place 'fair trade' labels on products sourced from international markets to make it easier for buyers to identify commodities that have been ethically produced (FTW, 2017). Making an individual decision to stop the purchase of such products is an ideal choice because it will effectively serve the demand for ethics and as well, will trigger reforms that will ultimately stop employee exploitation.

Business (organisational) Ethics According to Zutshi et al. (2017), businesses have ethics policies that have to be implemented and adhered to. One of the theories that can be used to explain the concept of ethics in business settings is the natural law of ethical theory. Rights can either be

conventional, which are created by people and reflect the values of the society or natural rights that are moral.

The natural law theory supports the rights of everyone in an organisation. Dewey (2016) explains that there are some rights that every person deserves based on the fact they are humans. In business ethics, natural law rights refer to the rights of everyone to be treated equally irrespective of their status. However, this law may not apply in some cases such as salaries offered to employees in different ranks, money paid to shareholders against that which is paid to directors and salaries paid to employees in different countries living under different working conditions.

Dewey (2016) believes that natural law of ethics may make or break a business. There are different ethical dilemmas that businesses face in the different markets in which they operate, and they have to make tough decisions about whether to pursue profits and overlook some of the ethical breaches that might be taking place, or whether to halt their operations for the sake of upholding business ethics (Paquette et al., 2015; Arendt, 2006). Ethical dilemmas are especially common in multinational organisations whose operations are in more than one country, and thus, the enforcement of certain laws and regulations that have to be adhered to by businesses in some countries may not be as strict as in other countries (Clarke & Boersma, 2017). Some of the commonest ethical dilemmas that businesses may face in their operations relate to corruption, environmental pollution and the labour rights. By definition, corruption and more specifically, bribery, takes place when favours that could be financial or



otherwise, are asked from a company in order to be unfairly favoured in its operation within a certain market. Whilst corruption and bribery have well been dealt with and reduced in the developed world, there are several cases in which companies' operations in the developing world have been threatened if they do not buckle to the pressure of giving bribes (Luiz & Stewart, 2014).

Regarding labour or employee rights, companies are expected to ensure that they adhere to international standards on the rights of employees in terms of their working conditions, safety and remunerations. It is also necessary for them to ensure that child labour is not used in their operations (Cavusoglu & Dakhli, 2016). However, some multinationals outsource sections of their production stages to countries that are prone to breaching labour laws because it reduces the overall costs of production. One example of a company that has faced this ethical dilemma is Hewlett Packard, a US-based computer manufacturer that has operations across the globe.

In the quest to pursue higher profits, the company's employees in its subsidiaries were faced with the dilemma of bribes to the government in order to retain some lucrative public contracts and as well, to win others (Garside, 2014). One of the countries in which this dilemma was experienced was Poland in which there was a \$40 million contract that was available to the company for installing IT equipment that was meant to serve the Polish police headquarters. There was another €35 million Russian contract that also involved installing IT equipment for government prosecutors in Russia (Garside, 2014; Krajewski & Viswanatha, 2014). The

options that the company had were to follow the due process and potentially lose the contract, or to offer a bribe and unfairly win the contract. The first option is in line with business ethics, and the other is not.

The fact that employees in subsidiaries in these countries decided to bribe in order to win the contracts meant that they acted in a manner that silenced the demand of ethics which dictate that it is unfair to gain an unfavourable edge over other competitors. This was, therefore, an unethical decision on the part of HP which, on being discovered by US authorities, prompted an inquiry which culminated with a \$108 million settlement by HP that was paid to US regulators (Krajewski & Viswanatha, 2014). Conclusion Ethical actions and decisions, both on an organisational and individual level, have a major impact on relationships and interaction with different parties or stakeholders that are affected by these decisions. Acting ethically involves several elements, ranging from morals to the adherence to laws and regulations that have been instituted by different governing bodies. In this paper, ethical action has been critically evaluated, looking at both the organisational and individual levels, with reference to different theoretical approaches that have been suggested by different scholars in the field.

From the scenarios presented above on how individuals and corporations find themselves in ethical dilemmas, it is evident that there are situations where parties are unsure about which step is the most ideal to take. This is because each course of action seems to be a positive impact on some parties and of a negative impact on others. For the case of buying products that might have been produced under unfavourable labour conditions, for

instance, there is a dilemma on whether the products should be bought in order for those involved in their production to continue earning a living, or whether the products should be absconded to put an end to the violations of labour ethics. This paper has shown that taking action when faced with ethical situations is imperative even though the outcome may not be positive for all parties involved.