

Business ethic is an oxymoron? essay sample

[Sociology](#), [Ethics](#)



When car manufacturers produce cars due to their customers need cars, it damages the environment and became a causing factor of global warming. For the society, is it an ethical behavior? The organization itself think this behavior is ethical because manufacturers do the 'right' thing which is increasing profit for the corporation and meet the needs of their customers, others will regard it as an ethical problem because it destroys the living environment.

There is a contradiction of business ethics and this essay will discuss whether 'Business Ethics is an oxymoron or not'. It will compare the traditional and modern role of managers and then the essay will provide some ethical theories to explain the reasons of views that business ethics is or isn't an oxymoron. In addition, it will provide the demonstration of the importance of ethics in corporations. The essay will give some examples to present how business and ethics mutually work in the business fields and evaluation of some controversial cases by using non-consequences theory as well. Finally, there will be a short conclusion.

REASONS

Ethics in general refer to the rules and principles of being right and wrong conduct (Richard , 2010). However, ethics in business environment is more complex when it involves all of organizational aspects. It has a strong influence on the effectiveness of companies (Sargent, 2007). But, not all organizations doing their business ethically and they indeed avoid doing ethically because they regarded it as a barrier to achieve their goals. The reasons that why organizations choose doing unethically is influenced by

their views of the relationships between social responsibility and organizational goals. There are two main opposing views of social responsibility which are classical view and socioeconomic view.

The classical view says that management's only social responsibility is to maximize profits (Branco & Rodrigues, 2007). Milton Friedman also argued that manager's essential responsibility is to operate the business and meet the best needs of the shareholders (Kelly, 2002). From this view, it regards business ethics as an oxymoron because business is seen to accomplish the pursuit of self-interest while ethics is always recognized as a consideration of others (Collins, 1994). People who hold this view will choose doing the thing which is 'good' for their organizations without caring about others.

On the other hand, the socioeconomic view states that managers should also consider about protecting and improving society's welfare when they are making profits to the company (Collins, 1994). Supporters of the socioeconomic view contend that managers should be concerned with maximizing financial returns and contribute themselves to their community (Wartick & Cochran, 1985). A more effective managerial role must be operating in an interdependent environment and they think the success of a corporation cannot be without the help of employees, suppliers and customers (Wartick & Cochran, 1985).

THEORIES

EGOISM

The key difference between these two perspectives is the people to whom organizations are responsible. Shareholders will be viewed as the main concern by classical view while others would say that managers are responsible to any group which affected by the organization's decisions and actions (Carrillo, 2007). These differences can be explained by the ethical theories. The behavior of traditional view can refer to Egoism. According to it, an action is "morally right if the decision-maker freely decides in order to pursue either their short-term desires or their long-term interests" (Andrew & Dirk, 2010). Adam Smith argued that "The pursuit of self-interest in business field is proper because it produced an ethical desirable outcome for society" (Andrew & Dirk, 2010). People who think business ethics is an oxymoron because they think organization have to maximize the profits without thinking about others, this is also influenced by three main factors:

Restriction of rules and regulations

Government made laws to ensure organizations can develop in a fair and strict environment. However, companies cannot get complete benefits from these laws so that some companies think restricted law often play a role as an obstacle to prevent company from gaining more profits.

Competitors

Since the trend of globalization occurred and the society has become a competitive environment, competitors are the main factor leads companies to disobey code of ethics (Hemphill, 2004). The companies think that in order

to have a strong ability of competing with others, they have to be the most prominent one in their areas even though they may operate unethically.

Organizational culture

The content and focus of an organization's culture also influence ethical behavior (Arnold & Lampe, 1999). It can shape high ethical standards (Weaver, 2004). This will encourage employees to be aware of doing ethical thing and it also will have a strong influence on managers' decisions to act ethically or unethically (Barnett, 2001).

UTILITARIANISM

After explaining the reasons why people think pursuing of self-interest is ethical, the essay will then focus on the reasons of a new trend which related to socioeconomic view. A new theory occurred and it would focus on society and other individuals rather than on self-interest. Unlike Egoism, Utilitarianism demonstrated that “_An action is morally right if it results in the greatest amount of good for the greatest amount of people affected by the action_” (Richard, 2010). This principle does not only ask whether their individuals' desires and interests are met, it focuses on the collective benefit (Andrew & Dirk, 2010). People who hold socioeconomic view think it is moral if the action fits for the Utilitarianism's description of good thing and it can be examined from two ways which are the effects of ethic and social responsibility on organizational performance and non-consequentiality theories.

EFFECTS OF ETHICS AND SOCIAL RESPONSIBILITY

There are evidence emerging that corporate who focuses on social-environmental performance may be strongly associated with financial and marketplace success (Failback & Gorman, 2004). While it is essential that business's goal is to make maximum profit, it is also clear that social and environmental innovation may become a considerable competitive advantage and this relationship will provide a new opportunity for companies to open up a new market (Willard, 2002). For example, carbon emission caused by the car has been a factor of leading to climate change and the situation need to be changed by seeking a more eco-environment friendly policies of car corporations. On one hand, it is a threat to corporation because there will be an extra cost of developing new technologies of cars. On the other hand, it is an attractive field to a new breed of environmental entrepreneurs which may bring more profits to the car corporations. In addition, corporations realized to use energy more efficiently and this will save money.

For example, Toyota Motor Corporation (Fackler & Tabuchi, 2010) acknowledged that environmental issues should be paid attention by the top management for sustainable development and it can be reached by developing advanced technologies (Fackler & Tabuchi, 2010). This is a way of gaining trust and respect of all the customers around the world and Toyota currently pursues recycling resources as well as makes efforts of reducing the environmental burden (Fackler & Tabuchi, 2010). Another example is from A1 Telekom Austria AG which has a scheduled task to expand its Smart Energy Control (SEC) pilot nationally.

This is expected to save 1.2 GWh of electricity and restraint at least 432 tones of CO₂ emissions in 2010. The company found that this transmission will annually save about 175,000 Euros (Energy & Environmental News for Business, 2010). The most important thing of focusing on the relationship between organizations and society is to gain a competitive advantage from fundamental changes in both production design and technology which will better fulfill their customers' needs and help to solve environmental and social problems as well (Tan & Zailani, 2009).

NON-CONSEQUENCE THEORIES

In terms of non-consequentiality theories, German philosopher Immanuel Kant argued that “_Morality and decisions about right and wrong were not depended on a particular situation and he developed a theoretical framework called the categorical imperative_” (Andrew & Dirk, 2010). There are three maxims can be used as tests for every possible action and one of them is “_act only according to that maxim by which you can at the same time will that it should become a universal law_” (Andrew & Dirk, 2010). Maxim 2 demonstrated that we shouldn't only treat people as means to achieve our goals and forget about their own needs and ignore their expectations to make their own choices (Andrew & Dirk, 2010). For the organization who only thinks a pursuit of self-interest is ethical, they maybe regarded as immoral by Kant's view.

For example, Chinese hospitals are struggling to save 1,253 babies' lives that were fed by milk powder called “Sanlu” which is the biggest retail commerce in China contaminated with an industrial chemical used to give

milk the appearance of higher protein content (Macartney & Yu, 2008). It has become a serious problem in China and more and more babies are sick because of the milk powder contaminated with melamine and it has caused a negative effect on families. Producers of this milk powder had been arrested and the investigation found that "Sanlu" tends to hide the problem of their milk powder's quality because their interest is to maximize profits, if they exposed their quality problem, this will threaten their sales so that they choose to continue producing milk powder contained with melamine.

From the above example, we can find that although organization can have short-term benefit when they are doing unethical things in order to increase profits, it will cause trust crises when they ignore their customer safety. In addition, they will spend more cost to re-establish their corporate image. By applying Kant's theory, this problematic milk powder cannot be produced on a large scale because it is a serious threat to babies' healthy although they will get large profits if they produce more milk powder, this is an unethical action. Another example is from the Chinese Daily News which is in the central Chinese province of Henan, there were at least 19 miners killed and 24 trapped by a mine explosion in 2010 and during the same week, there were about 10 workers trapped in another region and nine workers died during a fire in mining field of Shanxi province as well (Chan, 2010).

These accidents happened on illegal mining companies. Behind the criminal activities of mining companies and government officials, the fact is that profit is put before the lives of workers in this example. The demand for more energy increased in China, this was driven by soaring prices for coal

created by cheap bank credit and real estate speculation, the owners of mining fields intend to have a desire of profit-making, this is the reason why there are more and more illegal mining companies occurring (Chan, 2010). Moreover, they use labors regardless of their safety and pay them in a low scale. This phenomenon violates Kant's maxim 2 because these illegal corporations treat people as means to mine larger amount of coals in order to increase profit but they neglect the safety of miners and this can be an unethical action from Kant's point.

Another measure to evaluate the self-interest seek is ethics of rights and justice. It is developed by John Locke and we could define that " _Natural rights are certain basic, important, unalienable entitlements that should be respected and protected in every single action such as a right to life, education and fair trial_" (Richard, 2010). Applying to the above example of illegal mining corporations, we could find that the actions of owners are immoral because they ignore the miners' rights to live. In addition, many miners in these companies is under the lowest level of payment and their rights to have a good labor condition is exploited by employers due to it is treated as a huge cost by employers.

CONCLUSION

People who think business ethics is an oxymoron because there is a potentially conflict between making profits and costs of considering others, however, the modern economic society has paid their attention on developing sustainable management, people began to believe that business ethics and pursuit of self-interest interdependent. Business ethics is not an

oxymoron and “_A good ethics will leads to a good management_” said by John Collins (Collins, 1994). Business ethics strongly improve the quality of business as well as making profits in the long-term period. Although people think a pursuit of self-interest is ethical due to the egoism theory, from the utilitarian view, we should also consider about other people who will be affected by our actions. Business success should be evaluated from a long-term performance instead of considering short-term benefits.

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