

The effects of poor business ethics on our economy

[Business](#), [Business Ethics](#)



Abstract

Over the last two decades, bad business ethics has turned out to be a major facet in assimilation of a competitive advantage at the local and global market. This has been assimilated as a major shenanigan by the business managements even as the understanding of the resultant impacts become more evident. As a result, the economic effects have been very profound with analysts predicting future doom if the problem is not addressed. This paper seeks to generate the effects of the poor business ethics on the economy from an intrinsic perspective. Using the necessary theoretical perspectives, it also generates effective recommendations to address s the problem.

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Introduction

Poor business ethics form one of the most important factors that negatively affect the national and global economy. This has been especially evident in the recent past where more business units tend to assimilate unethical operation practices which promote their short term gains while inducing long term dents to the economy. According to Sergio (2002), 21st century has posted vast pressures to the businesses and business managements to deliver their results within the specified time limits. This has seen most of the managers employ highly unethical means to assimilate these results irrespective of the resultant externalities. Besides, an equal number of reported unethical cases are out of bad practices and bad organization managements personnel characters. Compounded by spontaneous

emergence of opportunistic chances for acting unethically in an organization setting, the cumulative effect has been cited to be tremendous to the economy. A major question many researchers ask themselves is whether the perpetrators of bad business comprehend their overall impact on the economy.

Inconsistent economic growth

One of the most observable effects of poor business ethics is the impact it exerts on the general consistence of the global economy. Sergio (2002) argues that the emergence of modern economy has seen the emergence of the new roles of the modern firms both at the local and the international levels. In this respect the complexity involved due to the demands of hyper-compensation and free market has seen most of the managements seek to use alternative methods for achieving their targets. Corruption has been a major tool by most of the corporate managements to undermine the forces of the market. However, as Charlie (2004) reports, corruption edges out economic growth by separating the legally viable enterprises and/or individuals to contribute to the economic growth or access the market. Illegal awarding of tenders through fraudulent binding processes, as Charlie continues to say, kills not just the spirit of creativity and innovation, but holistically obscures the long term economic aspirations of a nation (2004). Most of the small and medium enterprises are denied the chance to contribute to the economic growth and therefore continue producing minimally as opposed to further expansion to offer greater support to the economic development. However, the impact is further aggravated by the

fact that through most of the business units are involved in corrupt dealings, only a few are held accountable for their bad machinations.

In addition, further inconsistencies are generated by unwarranted withdrawal of funds from the economy through falsehood auditing and statistics. It is no doubt that finances form one of the most important aspects that dictates the ability of an economy to assimilate the expected growth. However, managements have assimilated fraudulent systems of illegally withdrawing funds from business units or altering the books of accounts to reflect the wrong perception of organizations status. This consideration creates strong inconsistencies as the economic indicators fail to cohere with the provided data therefore causing major inconsistencies. Resultant legal battles and subsequent recovery trends slow economic growth and therefore causing further stagnation of the economy.

Abstraction to creativity and innovation

One of the major malpractices by most of the business units has been mistreatment of laborers in the workplace. Researchers generally agree that employees form one of the most important business elements that determine its overall ability to assimilate high levels of creativity and innovation. According to Anton (2003), businesses' role is not just based on the need to generate profits to the shareholders, but to provide the necessary social fiber for further societal progress. However, as indicated earlier, due to the present pressure to assimilate high profits and minimize the overall cost of production, most of the staff and employees get very low payments, are overworked, and often operate in very harmful working

environments. By assimilating a highly mechanistic system to force people to work, the general sense of identity of the staff with the business unit is lost from them as they view the business as part of the oppressive force. Therefore, this destruction of the necessary morale for innovation leads to withdrawal of the employees' innovation and creativity as they seek to only attain the set standards without any extra efforts. At a time when the ability of an economy to compete at the global reams is entirely based on its innovative and creative capacity, withdrawal of the workers from holistic contribution gives other economies a competitive advantage at the global market. After realization of the negative effects that poor working conditions had to the staff and employees contribution to the national economy, Charlie (2003) point out that the government passed the Occupational Safety and Health Administration Act (OSHA) to enhance intrinsic contribution of all the stakeholders in the country to economic growth. The ACT sought to ensure that all the employees were provided with the most suitable working environment for maximum productivity.

According to Rooney and Mckenna (2007), creativity in the business environment has further been limited by poor policies in the management that seek to favor only a few stakeholders at the expense of others. In the year 2003, the bush administration revoked and denied differing policies relating better ergonomics demands at the work places. To begin with the policy requiring the employers to keep track of carp tunnel syndrome was revoked while the rule that required hospitals, prisons, as well as other highly risky areas for the health workers to offer intensive protection to them was dropped. Besides, even after the negative effects on the workers being

reported, the government was considering exempting the industries from hazardous and other related waste regulations. Though quantitative effects of the above aspects are subject of further debate, Rooney and McKenna (2007) further indicate that they reduce the urge by the staff to positively contribute to the economy and therefore strongly reduce its achievement of maximum capacity. Such effects are however more evident in smaller and developing economies as every aspect that touches on the economy directly correlates to the general outcome at the national and global scale.

Poor global competitiveness

Globalization in the 21st century has brought strong interdependences of different economies where its capacity and growth are not just dictated by the local operations, but by the global perceptions. Owing to the increasing demand for high levels of ethics in the work place, acceptance of the goods made at the local level using bad practices may be denied the international markets. This has further been made worse by the present upsurge of integration demands by the different economies and therefore magnifying the general rejection of products and services from a given business unit. In most of the cases, this demand has been applied with reference to negative environmental impacts of a business unit and the overall bad working conditions. Economically, this points at great losses from the different products market denial and even possible bans or other related punitive measures.

Natural systems production capacity reduction

The last two decades have seen some of the most remarkable destruction of the natural systems in the history of the globe. Equally important, have been the heightening calls for greater efforts to reduce the negative impacts of environmental degradation. Whereas many of the business enterprises management understands the role played by the natural systems in facilitating their overall production capacity, little efforts have been made to counter the same problem. According to Rooney and McKenna (2007), the modern market place has forced most of the businesses to view the environmental resources as being free and therefore indefinite in nature. However, this is not true as exhibited by the current revelation of the finite status of the petroleum resources. As a result, there has been a strong withdrawal of resources from the natural environment with little focus to their resilience capacities. Though it has been viewed as a minor shenanigan under the business practices of minimizing their overall costs, the economic growth is highly unsustainable at the long term as there is no guarantee of the same products in future.

To add to that, many of the business enterprises have been directly associated with vast pollution of the natural environment. In a complex tie up, US has over the years failed to ratify the Kyoto Protocol, a notion that has been interpreted to give the business units a direct leeway to act unethically on the same line. Due to the trans-boundary nature of the air pollutants, the impacts are felt on a global scale but with US equally included. Global warming, resilience of the tropical diseases, and harsh climatic conditions has seen the country shift its resources to addressing these disasters as opposed to concentrating on its economic development

(McKenna, 2007). As Peppin (1999) indicates, pollution of the environment has been a major player in reducing the ability of the economic resources to holistically support the fast enlarging economy. For instance, water pollution makes the water resources to not only be unusable for domestic purposes, but also demand pre-treatment before its industrial use; a notion that further increases the cost of production and subsequent poor competition of these products at the market place.

Conclusion

Poor business ethics act is the main recipe for economic down fall due to the direct and indirect effects posted to it. Many of the businesses have assimilated poor ethical basements following the international market demand that has turned out to be highly competitive. Due to this shift towards a highly unethical orientation, the cumulative effect has equally become very tremendous either from the internal discomfort or external demands. Internally as it came out in the paper, staff operates in social circles arranged in internal cultures which withdraw from total participation in case of oppression and therefore causing anomalies in the economic development. Externally, the global market may reject the products from the businesses due to unethical practices precipitating to vast losses. Malpractices related to corruption and frauds are equally deceptive to the human beings but chocking to the economy on a long term consideration. It is from this consideration that this paper concludes by emphasizing on the need for holistic ethical considerations anchored on policy frameworks to

generate the best ethical practices for faster and sustainable development of the economy.

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