

Ethics and profits do  
not go together



**ASSIGN  
BUSTER**

“ The statement ethics and profit do not go in hand in hand” is an old concept; now in most of the business seminar the business people introduce new advertising and sales techniques that businesses have to drive money by taking into account the people rights and obligations. To achieve the long term benefits and to stay in the market for a long period of time the rights of the customers, employees and the stake holder of the company have to be considered.

Ethics are the values of persons their sense of feelings what is right and wrong, good or bad, fair and unfair. Ethics are the religious belief and what the law requires to do. Ethics consists of standard of behaviour our society concepts. Ethical standard also include those that enjoin virtue of honesty, loyalty, and compassion. Ethics is a need of human life. Ethics are the means of deciding a course of action and without ethics our action would be random and aimless.

## **PROFITS**

As we know the social responsibility of business is to make profits. Profit is a major part of motivation of going into business and remaining in business.

Profit is required to create economic growth and promote innovation.

Businesses who are getting enough profit from its production its means that businesses have been manage effectively and resources are used efficiently.

Business who does not make a profit will fail, effecting employees, stakeholder, supplier and local community and the business survival will at stake.

**(Friedman, M. (1970-09-13).” The Social Responsibility of Business is to Increase Its Profits”. The New York Times Magazine)**

## **ETHICS IN BUSINESS**

Ethics in business, business ethics concerned with issues that apply in the course of business. Considering what is morally right and morally wrong in business. Ethics perspective in business focuses on achieving the economics objective through social activities. To become successful, business need to be driven by strong ethical values. Ethics are the moral of every business treating all stakeholder and business fairly. Ethics are the critical part of the organization’s ability to survive and should not be compromised. Ethics in business is consisting of three issues.

Avoid breaking criminal’s law in work-related activity.

Avoid all those actions that result in civil law suits against the company.

Avoid activities that are not good for the company image.

**(Marvin, B. (2010).” Putting profits in its place”)**

**(Fieser, J., “ Approaches to Business Ethics,”)**

**(Chryssides, G. & kaler, J. (1993),” An introduction to business Ethics”, Thomson)**

The impression of most people is that ethics and profits are mutual, for the successful running of the business in the long run ethics and profits must go in hand in hand. In business long term profits and customer relation is of utmost important and to achieve long term relationship and customer return for the business, the business needs to be based on ethics. The long term

profit and sustained profit is based on ethical behaviour that brings company goodwill among its stakeholder. The social demands and economics demands should be balance while running a business and the business should accept social responsibility as an ethical obligation. Goal of every business is to produce goods and services that the customer wants at a competitive price. Adopting ethics in business strengthen the relationship between business and employees. Ethics are the internal part of the business usually deals with the individual level while profits are the external part of every organization and associated with the organization level. Businessman has to run a business by adopting both ethical approaches and economic approaches. An ethical approach focuses on the intention to act morally as a duty while an economic approach focuses on to promote profit.

**(Fotheringham, H. (2008), 'Revenue vs. customer satisfaction', Engineering Ethics Case Studies Database, University of Leeds)**

And opinion of some people is that if a company is ethical will not make profit. So the company who is making profit is necessarily through unethical means. It is also unethical for the company to make losses. The company do not make profit cannot pay back to creditors , do not make money for stakeholders, loss the customer satisfaction, make huge liabilities , promote inefficiency, all this make company to be shut in future. So instead of profit being contradictory to ethics, first and foremost responsibility of ethics in business is to make profit for its shareholders, employees, creditors and most importantly for itself by doing this the company is able to meet its future need and discharge its social responsibility. Now maximum amount of profit is to make, have to be decided through ethical means. The essential

need of the business is to remain ethical for its own good. Unethical action or decision only pays in short run. Businesses can exploit the customer because there is not much competition from other business. A business will need to an ethical view on how much to charge to consumer or whether believe their profit to be excessive. Companies that behave ethically are more socially responsible and benefits are spread across the board to all stakeholders that increase dividend.

**(Bandyopadhyay, P., 2007,'Business ethics and profits', B. B. College)**

**(Fieser, J., “ Approaches to Business Ethics,”)**

**(Landauer, J. & Rowland, J. (2001)” Ethics”)**

**(Gruble, C. (2010-02-10).” Ethics important in business”)**

**(Friedman, M. (1970-09-13).” The Social Responsibility of Business is to Increase Its Profits”. The New York Times Magazine)**

For the existence of the company and maintain profitability of the company, the business is required to conduct itself ethically and have to run all its activities on ethical lines. Because we have seen sometime profitable running businesses suffer from downfall and great loss in profits. The main reason behind these failures is lack of business ethics. Through the research it is demonstrated that only ethical organizations survived and grow, where as unethical ones have shown result only as flash in the pan, quickly growing and even more quickly dying and forgotten. The businesses which act ethically expect relation from the employees, customers, public and other businesses. If the consumer known that the business is running with

unethical policies can boycott the company's product on the other hand ethical employees expect loyalty and increased productivity from the employees. The business who want to be successful then business and ethics should go hand in hand as business is running in society and so all the business activities should be in favor of society and at the same time business has to make profits to survive and to grow more in this competitive society. (Oak, M. (2008-09-08). " Ethics importance in business")

## **EXAMPLES**

To justify the statement Coop Norden a Scandinavia retail chain store company is used as a case to describe the statement in depth.

Coop Norden is a union of corporate companies in Norway, Denmark and Sweden owned by members. Coop is one of the four biggest food retailers in Norway. Coop is an economic giant of Scandinavia. It is estimated that coop has a 25% share in Norwegian grocery market. Coop Norden is built on cooperative values and principal based on conviction that members of the company create values for members, employees and for other customer. In Coop there are mutual indicators for the development of the company and corporation principle. These indicators operate in the area of environment, ethics, health care and product safety. Coop is a voluntary organization for all members they don't distinguish between sex, race, Social status, religion or politics and as well as democratize organization controlled by members, the members have the same right to vote. Members acquire profit base on their amount of buying, mixed with corporation profits. In addition to corporation principle coop has develop a value compass provide motivation to members. The goal of this value compass is to make a value framework a

strategic tool for competitive advantage. This means that coop also has a duty to make it as an economic tool, so the coop runs his business by focusing both on ethics and profits of the business. In Coop attention is focused on ethical business, human rights, and principles of sustainable development. All goods in each store contain minimum requirements given by ethical production, universal human rights in production and labor rights and production of goods must imply sustainable development. Coop has a duty to maximize its profits; the major focus of Coop is to take care of stakeholder rights such as employees, customer, suppliers, creditor's government and natural environment. Many people involved in environment and surrounding of company Coop is obliged to take care as a duty. These duties represent the core of ethics. Coop focuses on the business core; paying attention to delivering goods to satisfy customer demand. Coop is a member owned organization, but due to the size of the organization it is impossible to be managed by the member so the administration manages the organization and member trust on the administration that it runs the organization in the best way. It is impossible to judge the coop role either ethical or economic perspective. Coop has a fundamental role in business to produce goods that customer want and need, and still make profits. It is important to consider this fundamental level because there would be no business without economic level. In addition to economic function they can also solve social problems, so coop runs his business by considering both economic and ethical perspective for achieving the long term advantage.

MERCK PHARMACEUTICALS (The primacy of ethics over profits)

Merck & Co. is a global research driven pharmaceutical company dedicated to putting patient first then give the second preference to the profits. Merck company establish in 1891. Merck currently discovers, develop and manufacture vaccines and medicines to fulfill the unmet medicals needs. Merck develop far reaching programs that not only donate Merck medicines but also deliver to those people who actually need them. Merck also publish the unbiased health information not for profit purpose.

At the end of the 2nd world war, the large numbers of tuberculosis patients in Japan were not able to access medicine that is streptomycin, manufactured by Merck. Merck decided to grant medicines as a donation to the Japanese government. This act was not forgotten by Japanese and in 1983 the Japanese government offered Merck to buy 50% of Banyu pharmaceutical, this was the first time the Japanese allowed highest foreign investment in Japanese enterprise. By being ethical to Japan in the time of their need the Merck get the biggest reward now Merck is a leading pharmaceutical group in Japan.

Merck has a great business objective and through this objective their business activities have been motivated always. The objective of the Merck's business is

**“ Medicine is for the people. It is not for profits. The profits follow.”**

Merck's commitments to grow organically through research and development and distribute its drugs at reduce prices to poor countries.



Another great investment made by the Merck which is also for the poor people. In 1979, one of its scientists William Campbell made a research that he could discover the drugs to cure parasite that cause river blindness, which affect 85 million persons in sub Saharan Africa. As Merck knows that this medicine will not bring enough profit to the company as it sold to poor people, despite all this fact Merck finance the investigation of Campbell. As a result drug Mectizan was produced which helped to treat more than 20 million people. Merck spent \$200 million for this project.

Due to its activities, merck has won the admiration of advocates of corporate social responsibility.

A new ethical ranking of America's 25 biggest firms by management and excellence, a consultancy firm, gives Merck one of the only two triple-A ratings which shows its healthy standing in the corporate world.

**[http://www. merck.com/newsroom/news-release-archive/corporate/2009\\_0831.html](http://www.merck.com/newsroom/news-release-archive/corporate/2009_0831.html)**

By critically evaluating the statement “ Ethics and profits do not always go hand in hand.” goes wrong in most cases because ethics are very important in every business. No business can exist on unethical means. Ethics and profits both are essential for the survival of business. “ One can do well by doing good” meaning one can succeed in business by being ethical. Good business results in good ethics means moral business practices are profitable. Ethical business practice directly related to the success of business. [http://contractingbusiness.com/feature/cb\\_imp\\_5768](http://contractingbusiness.com/feature/cb_imp_5768)