

# Business ethics report sample

Business, Company



In order to properly outline the ethical dilemmas of conducting business it is necessary first clearly define what a business is and what are the boundaries within which we want to place these ethical considerations. This is the starting point of this essay. For the purpose of this discussion we will define business as " a voluntary association of individuals, united by a network of contracts" organized to achieve a specified end. In a cornerstone article on normative theories of business author, John Hasnas, asserts that “ because businesses consist in nothing more than a multitude of voluntary agreements among individuals any attempt to provide a general account of the ethical obligations of businesses and business people must ultimately rely on the moral force of the individual's freely-given consent.. This is embodied in the contracts they enter into when forming or being part of the business. All further ethical discussions must be viewed in this context.

The export of capital for production abroad is an ethical issue which is typical of the argument that can be examined under this lens. When an organisation chooses to conduct its production abroad it does so for one reason only, cheaper production costs. In a “ for profit” organisation this is the “ specified end” that people voluntarily come together for. The questions that then arise are the impact that this move has on existing employees and therefore on the society in which this business or organisation operates. From a viewpoint of utilitarianism – seeking to ensure that everyone benefits from actions taken - such a move is of significant benefit everyone involved. It benefits the business by increasing operating margins, it almost always benefits the workers abroad (as long as it complies with local law) and if the existing workers are suitably reallocated or effectively off-boarded with appropriate

severance packages the ethical impact of severing a contract according to severance terms is not violated. If you consider outsourcing production from a global perspective it would actually serve the highest level of libertarianism thinking – the greatest good for the greatest number. The dilemma then of outsourcing productivity when subjected to classical ethical theories seems not to violate the tenets of any. In concept it is an excellent business practice and as with all good theories, in order for it to succeed effectively the theory must be implemented effectively, it is in the implementation of the practice that ethical dilemmas truly come into play. Exporting Commodities which have been banned in the US to other countries is a different ball game all together. In this reflection it is critical to consider a couple of points. Firstly, why have these commodities have been banned in the US? Secondly, why haven't these commodities been banned in the importing company? The basic tenet of utilitarianism being one of doing no harm and ensuring the good of all parties involved in the transaction should be the lens under which these two questions are examined. If a commodity has been banned in the US because of demonstrated harm that is caused such as proved teratogenicity it is unethical for a company to continue to produce that commodity, and therefore unethical for it to export the commodity. However, another aspect to this issue is to examine why the importing country has not banned the specific commodity. Answering this question may bring in information and dynamics that change the perspective on the problem. Many Third World economies state as a matter of record the reasons why these products are not banned. Officials in Ghana, for example, see the population explosion as potentially more dangerous than using

contraceptive pills that may have dangerous levels of oestrogen.. Some may argue that in such a case a business' only responsibility is to ensure that it does not violate the law of the land into which it is exporting. The moral and ethical responsibility of determining what is safe and what is not safe, what level of risk is acceptable, should lie with the governing authority just as it does with the FDA in the US. Under purely Utilitarian principles, withholding the drug under these circumstances may just end up doing more harm than good.

The third issue at hand is of downsizing in the face of economic difficulty. The most fundamental precept of any business is to conduct its activities in a way that not only produces an end product, but also maintains its ability to continue to produce that product indefinitely. In pure utilitarianism terms “the greatest happiness for the greatest number” the idea of downsizing in economic crisis seems a logical conclusion. Once again, it is in the implementation of the idea that is the crux of the moral dilemma. Good businesses should combine the necessity of downsizing with a healthy culling of unproductive or less productive employees combined with a systematic communication on the need for downsizing and the option to join back when circumstances are more favourable. In effectively administering the downsizing process, the ethical ramifications of harming (or at least limiting) an individual's earning capacity and livelihood is mitigated and the utilitarian ideal is upheld.

The last element that we need to inspect is the breaking of union contracts in the face of economic difficulty. One of the definitions of a business that we laid out as the context within which to examine these elements at the

beginning of this essay was that a business is "a voluntary association of individuals, united by a network of contracts". What is the need for contracts in business? The very definition of a contract implies an agreement between parties to protect mutual interests in the face of crises. A union contract is no exception, nor is an individual employment contract. In the previous instance, the emphasis is on ensuring that while the contract is terminated, it is done within the guidelines outlined in that very contract. In the breaking of union contracts, we violate the rule of utilitarianism which cites, "greatest good for the greatest number". A union contract is designed to protect the interests of the majority and in breaking such a contract in the face of economic difficulty you put the interest of the minority ahead of the interest of the collective majority. Union contracts are drawn up and defined to protect the majority in exactly this situation, and in essence should come into force in these situations rather than be broken.

## Works Cited

Cultural Survival. "Medicinal Drugs in the Third World" CSQ. Issue: 5. 4." n.d. <http://www.culturalsurvival.org/publications/cultural-survival-quarterly/brazil/medicinal-drugs-third-world>. 28 June 2012. .

Hasnas, John. "The normative theories of business ethics: a guide for the perplexed." Business Ethics Quarterly v. 8 . 1998.

Hessen, Robert. A New Concept of Corporations: A Contractual and Private Property Model. Hastings L. J, 1979.

Hessen, Robert. A New Concept of Corporations: A Contractual and Private Property Model. Hastings L. J, 1979.