

Business ethics and rules



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Personally, I agree that Solomon's ethical fundamentals are a good moral foundation for a business. " Business ethics is the study of what constitutes right and wrong (or good and bad) human conduct in a business context. " (p25) From the lecture, we know that ethics matters because " how organizations behave have important implications for how they fulfill their social and economic roles" and " their success as well as the success of their employees, customers, etc. " Thus, running a business ethically is good for business.

Applying Solomon's three C's of business ethics and the eight rules of thinking ethics in business make good sense. The three C's of business ethics include compliance, contributions and consequences. The first C is " the need for compliance with the rules, including the laws of the land... and such general concerns as fairness. "(p36) As a saying goes, " Nothing can be accomplished without norms or standards. " Rules in business are intended to assert business structure or to control or influence the behavior of the business.

Let's take Elj-Rent for example. Elj-Rent is a car rental company owned by Elj-Corporation. Elj-Rent sets up rules about rentals, returns, servicing and customers. For example, " EU-Rent keeps records f customers, their rentals, and bad experiences. This information is used to decide whether to approve a rental. " If Elj-Rent doesn't comply with these rules, it may not organize well. The second C is " the contributions business can make to society, through the values and quality of one's products or services... nd usefulness of one's activities to the surrounding community. " (p36) For instance, economists conventionally assume that organization's primary goal is to

maximize profits. Many successful organizations are gradually aware of the important relationship between profits and contributions to society.

Starbucks has seen its profits rise as it has increased its investment in social issues. Those organizations who are making profits and don't contribute to society may receive criticism from the public.

As the article “ The Sichuan Earthquake and the Changing Landscape of CSR in China”, which was written by Ariel McGinnis, James Pellegrin, Yin Shum, Jason Teo, and Judy Wu (University of Pennsylvania), mentioned, “ In the days and weeks following the Sichuan earthquake, many multinational corporations(MNCs) pursued a global CSR (corporate social responsibility) policy in line with their international standard. While some multinationals pledged cash, many others pledged a combination of cash, equipment and services.

Domestic firms, by all accounts, out-donated multinationals... The popular perception was that international firms' relief contributions not only did not match those of local Chinese companies in terms of scale or timeliness, but also were not commensurate with their presence in the Chinese market. Chinese consumers quickly seized upon this disparity by openly attacking major MNCs, calling for a boycott of their products The Chinese public soon gave these affected MNCs the nickname of ‘ international iron roosters.

The term refers to a bird that never gives up a single feather, and its usage highlights the perceived stinginess of these international firms... Despite their additional donations, ‘ iron-rooster’ MNCs continued to face angry consumers throughout China, resulting in severe public backlash, including

protests at several McDonald's and blockades at see how important the contributions that organizations should make to the society are. The third C is " the consequence of business activity... ncluding the reputation of one's own company and industry... " (p36) Why the consequences of business activity re so important? Let's have a look at the following example. Once, Sanlu was one of the oldest and most popular brands of infant formula in China. It went into bankruptcy after the " Sanlu milk scandal". Based on the media, " By November 2008 China reported an estimated 300, 000 victims, six infants dying from kidney stones and other kidney damage, and a further 860 babies hospitalized. Since the Sanlu Group didn't solve the problem and recall the products in time, it leded to a horrible incident. Doubtlessly, what did organizations do may affect their development and even the well-being of the public. Organizations should not blindly pursue for profits only but also be responsive to society. To become successful, a business needs to be driven by strong ethical values. If a corporation fails to adopt ethical values and cannot be responsive to society, it will fail, Just like the Sanlu Group.

Besides the three C's of business ethics, Solomon also stated the eight rules of thinking ethics in business, which are also good moral foundations for a business. The eight rules include " consider other people's well-being, including the well-being of nonparticipants; think as a member of the business community and not as an solated individual; obey, but do not depend solely on, the law; think of yourself" and your company" as part of society; obey moral rules; think objectively; ask the question What sort of person would do such a thing? nd respect the customs of others, but not at the expense of your own ethics. "(p40, 41) Based on the above statements,

it is obvious to see that they are mainly about the concept of three C's.

According to the text, thinking ethically means “ thinking in terms of compliance with the rules, implicit as well as explicit, thinking in terms of the contributions one can make as well as one's own possible gains, thinking in terms of avoiding harmful consequences to others as well as to oneself.

(p40) In the case of “ Sanlu milk scandal”, one of the main reasons behind the Sanlu Group's failures was the lack of business ethics. In other words, it failed to consider other people's well-being. The trustworthiness of a business can be one of the business ethics which leads a business to achieve long-term profits. In a similar condition, the 1982 Tylenol Scandal, in which seven people in Chicago were reported dead after taking extra-strength Tylenol capsules, didn't lead the business into bankruptcy.

Since Johnson ; Johnson was strictly obeyed the business ethics and took appropriate steps. “ Although Johnson & Johnson knew they were not responsible for the tampering of the product, they assumed responsibility by ensuring public safety first and recalled all of their capsules from the market. Even they had a loss of more than \$100 million dollars by doing this (Lazare, Chicago Sun-Times 2002). Additionally, they halted all advertisement for the product. ” Moreover, Tylenol products were re-introduced containing a triple-seal tamper resistant packaging which enhances the security of products.

Johnson ; Johnson was praised by the media at the time for its handling of the incident. After that, within several years, Tylenol had become the most popular “ over-the-counter” analgesic in the US. It is obvious to see that complied with the rules of thinking ethics, which help the business gain its reputation back. In business ethics and the eight rules of thinking ethics can

be useful in making a business ethical and responsive to society. Having a good understanding of these ethics is useful in many areas such as finance, accounting, sales, marketing and so