The language of ethics and preventing ethical problems in business essay sample

Business, Company

Ethics can be defined as behaving in a morally just way as one moves throughout their life and activities. Ethics and morality are closely related - one acts based on a set of principles that dictates how the world and the people in it should work. In the realm of business, having proper business ethics often means putting other concerns ahead of just seeking profit - basically, there are concerns besides economic that have to be remembered to be an ethically responsible company. By behaving ethically, a business can hopefully earn profit while making sure that the ends do not justify the means in terms of behavior and morality. It can often be hard for companies to mix business with ethics. Everything about business says that the goal is to earn money and make a profit; with that in mind, that priority is often given a bigger priority. However, adding on these ethical problems (the environment, welfare of employees, etc.), the work of these companies has to be moved in another direction from time to time.

Deontology depends on the creation of a series of rules in order to figure out proper ethical behavior. For a deontologist, something is ethical if the rules allow it to happen. One has a responsibility to the rules, and as a result following the rules is good. Meanwhile, Utilitarianism revolves around making decisions according to the overall 'happiness' of either the individual or society as a whole. According to utilitarians, only after the fact can a choice be states as moral or not. Did a decision make someone happier? If so, then it is ethical. Utilitarianism ties in closely with virtue ethics, since what would help create the 'greatest' happiness is finding ways to profit while having no negative consequences from breaking the law or messing with peoples' jobs or safety.

In order for a company to have proper business ethics, a number of things would have to be done. Real ethical management would have to be done, including real efforts to put the welfare of its employees ahead of pure profit-seeking measures. An ethical company would have to take steps to ensure that their efforts and initiatives remain within the boundaries of law; in essence, the company could not do anything illegal in order to further their own bottom line. Whenever a decision is to be made, it must be run through these questions:

- Is it honest? (Does it follow personal and community ideas of ethics and morality?)
- Is it legal? (Would any corporate or government law be broken as a result of a decision?)
- Is it loyal? (Does this action work with the best interests of the company, or does it work with the competition?)

There are usually three traditions of ethical thought that relate to business and capitalism: virtue ethics, deontology and utilitarianism (Jones et al., 2005). In the case of virtue ethics, individuals and entities work based on their own moral reasoning and 'virtues' in order to make their decisions. The two roads to having ethical behavior in public businesses are internal controls and external controls. External controls are " attempts to impose on the conduct of individual public servants constraints that originate from outside themselves" (Cooper, p. 131). With this strategy, outside forces with authority above individual public servants puts these restrictions on them, in order to keep them from taking actions that are thought to be wasteful, unethical or dangerous. Basically, individual judgment is not trusted in order to keep someone ethical - the threat of retaliation from something else has to be made clear in order to get people to behave ethically. External controls are put in place by others to guarantee and control public servants, and provide a way to fight back for those who do not believe that the public servant can regulate themselves.

Internal controls, on the other hand, come about because people try " to cultivate and strengthen the professional values and standards of people in public service through training and professional socialization" (Cooper, p. 132). While external controls are used to make people pay for doing something bad, internal controls allow people to make ethical decisions on their own. Internal controls include values and beliefs that reward ethical behavior for people - basically, a person wants to behave ethically, and that is their incentive for showing that behavior. Sensitivity training, ethics seminars, command training programs, and other discussions on the subject of ethics provided within a business for its employees can help to make people use these internal controls. In a perfect world, exposure to different methods are ways in which businesses can make internal controls for employees without having to bring in external controls as a way to persuade people.

Leaders have an ethical responsibility to their shareholders and other stakeholders to lead well, as they have put their faith in him to make a profit from their investment. Stewardship theory is defined as " a higher level duty of governance in which the motivations of the manager are based on pro-organizational rather than self-interest behavior" (p. 501). Ethical leaders have shared interests, and work toward making an ethical environment for the company and the workers in it. When a leader shows ethical stewardship, they try to work hard towards generating profits for their company while also making relationships with stakeholders that show the most commitment from them (p. 501). The biggest theory about ethical stewardship suggested by Caldwell deals with leaving behind self-interest in favor of offering efficient service to the business. This would also benefit the leader as well, through the real usage of resources and employees in an ethical manner to create profit and good outcomes for this business.

Ethical stewardship is seen as the ability to do well by a company's stakeholders; in this place, trust is earned with the ability to see past your own individual progress in the company, and making use of leadership resources to help everyone. From a human resources point of view, ethical stewardship really helps the leader-follower relationship mentioned before; by acting in a selfless way, it sets an example seen by coworkers and stakeholders that the leader will see to their needs before his or her own. With this strategy, trust of the leader is shown through ethical stewardship itself (Caldwell & Troung et al., 2011). In my mind, organizational ethics like those found at Enron and other companies happened because of a real managerial problem that executives have with their own responsibility. Usually, in positions of huge power like that, people can feel like they are 'above the law' - that they do not have to explain their behavior to anyone. Also, they think that they have enough money to make potential problems go away, or protect themselves from any possible consequences. Add to that a more responsible and less accountable government checking and regulation system, and you have a business culture that feels it can get away with murder.

The actions shown by Enron executives really showed a lack of concern not just for the customer, but for their own employees. By hiding how bad the company was doing from everyone to make themselves look better, they said that employees would not be ready for problems or the possible ending of the company. Because of the problems that happened from seeing Enron's real issues, many people's money and jobs were taken away with no explanation at all. At the very least, the scandal helped to awaken the world to the terrible viewpoints of many corporate executives, who might feel like they do not have to behave like it says in ethical accountability standards.

What happened at Enron and these other firms was a terrible and dangerous business model where corporate executives thought they were above the law and free from consequences. That attitude has to be fixed if real ethical behavior is to be done.

Usually, the most vital things to think about when looking at unethical behavior are the financial rewards for that behavior. If someone will make more money making that unethical decision than they would with an ethical one, that helps to explain the reason for the decision (especially in a business or managerial world). The events surrounding the company's history and performance might also play a part in the choices leading up to fraud and other bad events. The company's organizational ethics policies, and the actions and thoughts of its executives, are big signs of possible ethical grey areas that can be taken advantage of to the point of fraud.

The individual and their conscience is the most vital point of view for making sure there are good business ethics and managerial accountability in businesss. In the world of business ethics, one reason that many unethical actions go unreported is because of bribery or other forms of greed. Many people will just take more money in order to keep quiet, making themselves responsible and, essentially, part of the problem. However, if someone's conscience wins over their need or desire for money, they will place their own sense of justice above what the company wants or needs from them, and take steps to point out or change the unethical behavior. Also, if a manager has a change of heart, it can keep them from making the unethical decision in the first place. If the individual conscience is heavy with greater concern while making financial decisions, the course of a company can be changed with a more reasonable viewpoint, mixing ethical sense with financial profit-seeking.

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