

Introduction to business ethics concepts



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Let's assume that a company named Dry Wire is a new dry cleaner that is starting up in a small town of West Virginia. As the company comes in, they decide to break several ethical codes as a business. They start with using tax loopholes within their system. They make their business one that is unknown by the government, therefore they will not have to pay taxes. Along with this, Dry Wire is also advertising their dry cleaning as \$5, no matter the size of your item. Once you receive your clothing after it was dry cleaned, your total rings up to be \$8. Later, a customer complains and the management within Dry Wire doesn't feel the need to help out the customer. Instead, the owner apologizes to the customer and refers them to another dry cleaner a few block down the road. As you can see, Dry Wire wasn't doing their part to be ethical. They weren't caring or being honest to their customers. Business ethics is a discipline which is unquestionably fast attracting the attention of many business organizations.

What is business ethics? According to International Business Ethics Institute, understanding the complexities of business ethics can be dubious due to the fact this field is often encompassing many concerns. Furthermore, it generally addresses the full range of responsibilities and requirements that a company has to each person involved within in the business, whether that be, clients, employees, suppliers, shareholders, or the community. To define business ethics, is simply a form of right doings where a company indicates they are able to conduct a business responsibly. To many, business ethics seems easy to comprehend but when you dig deep down, most find themselves in a confusing scenario. Due to the fact the term ethics can arise many definitions in a broad circumstance and it can be quite challenging to

find a general definition of the term, most companies refer back to the concept of the term ethics to be considered integrity.

From the beginning we need to recognize that the concept of business ethics is very broad, and there really is no single set of rules that is agreed upon by everyone. The nature of business, based around the concept that companies exist to generate profit, mean that ethical rules are defined, not necessarily by ideas like ‘ the greater good’ or ‘ benefit to society,’ but by competition. In a free market capitalist economy, the values of products are driven by supply and demand. So in retrospect, companies are morally expected to behave in a way that shall benefits economic competition. Higher competition creates a healthier economy, which should result in national growth and prosperity, at least theoretically speaking. Economic competition is taken seriously and generally is defined within business ethics. Just as we as a society expect people to interact in ways that will provide for a safer society and more functional, companies expect their workers to interact in ways that will benefit the overall economic health. In essence, this comes down to the knowledge of fairness. In a business stand point, something is ethical as long as it is fair. Can a large company buy out a smaller company? Yes. Thanks to the free market, all companies have the same opportunities, so practices like buying out other companies is just part of competition. It’s fair. But can companies use things like bribes, insider trading, or threats to make themselves more competitive? Absolutely not. That would be considered unethical because it’s unfair and in the end, tears down trust and cooperation between businesses, which hurts economic competition. Again,

just as individual ethics are defined by actions that promote a strong society, business ethics are defined by maintaining a strong economy.

Many people find it true that you don't have to search very far today to find examples of unethical behavior in business'. But what does it mean when we someone say something is ' unethical'? Does it imply the same as ' illegal?' Just because something is legal doesn't make it ethical. Ethical rules are different in adversarial situations, and might as well be argues that in the well-regulated world of commerce, business should feel justified in assisting themselves to whatever strategies aren't specifically outlawed.

According to Susan Fenner, " Ethics can be defined as going beyond what is legal and doing what is right, even when no one is looking". Fenner makes it evident that when we discuss unethical behavior in business, we are explaining the behaviors that don't harmonize to the satisfactory standards of business operations or failing to do what is right in every situation. In few cases, an individual within a business who may act unethical within his or her job would result in corruption to the company. It becomes significant to understand what is unethical may not always be illegal (though sometimes it is both). There are many circumstances business cross where their actions may act within the law, but yet blatantly hurt society and are typically considered to be viewed as unethical.

Consider, on what general basis is something made illegal? Marijuana is illegal to smoke now in many states without consent from your physician. So because Marijuana is illegal, is it considered absolute for your doctor to prescribe it to you? Putting aside personal beliefs about the product, most

would say that something that is ethical, could be illegal and something that is unethical could easily be legal. On the contrary, it is legal for most companies to sell their products at whatever price they may choose. Would it be ethical for a company to upcharge a product during a specific hour over the other? My point here is that ethics and legality have two separate sides. Although they work hand and hand, one can still work without the other.

Business ethics is fast attracting in today's society because of tax loopholes. Tax loopholes are considered to be gaps that exist within the tax codes that offer space for individuals or businesses to possess advantage without truly violating the law. Often times, businesses tend to escape tax loopholes in order to avoid paying taxes in the United States, while pulling in billions of dollars in profits. Most companies who use this system to their advantage do it behind the scenes. When a company pays under the table, pay checks will not be taxed. Along with this, their company will not be recognized for needing to write off taxes at the end of the year. Therefore, businesses that do this perform a loophole within our tax system to get out of paying back to our government at the end of the year.

Another unethical practice is intentionally over-billing the customers. Companies will bill their customers for more than the agreed-upon price, and even go so far as to charge them products and services they never administered. Companies might also double bill for their services, hoping that the customers won't notice. Often times, customers will make purchases or will renew their contracts based upon service or product upgrade timelines. Being unable to meet product functionality or service upgrade timelines may leave customers in an unhappy place and will result in

unsatisfied customers who may not return. Therefore, it is genuinely important to keep new developments “ secret” until the company is certain that the product or contract will be completed and promised. Imagine personally walking into a well known company. You decide to purchase a new washer and dryer for your home. You won’t have room in your car to take it home so you ask them to have it delivered a few days later. You pay the thousands of dollars for this product, as well as a delivery fee. Two weeks then pass and you still have not received your washer and dryer. This certainly would become frustrating as a customer and would draw you away from purchasing any additional products from that company again. This is why it is important to make sure that, as a company, you follow ethical practice to assure customer satisfaction.

There are several ways that businesses involve themselves in unethical conduct. Irrelevant medical procedures also encompass a huge section of ethics within a business. People don’t always view their dentist or doctor as a ‘ business’, but money does exchange hands for the services that are provided, and the medical and dental professions are exempt from unethical business practices. Dentist, doctors, and other medical professionals may perform procedures that are not fully necessary or they may prescribe a more expensive medicine for a patient that won’t act differently, when a better treatment is available at a lower cost. In extraordinary situations, there have been doctors who have charged for expensive chemotherapy drugs that weren’t ever actually given to their cancer patients. Recently there was a case where a doctor told his healthy patients they had cancer so he could collect payments for treatment from Medicare. Situations such as

thus appear more than people believe. Healthcare certainly isn't an area in which most most people prefer messing with. Therefore, it makes it easy for health businesses to take advantage of their patients to preform unethical practices such as this.

In April of 2014, Flint, Michigan encountered a drastic water crisis that began to change the city dramatically. Within a manufacturing businesses, they may be able to compromise public healthy by releasing hazardous waste into the water supply of Flint or by discharging toxins into the air far more than what is allowed by the law. In cases such as this, it is considered to be both unethical and illegal. Businesses that may do this would do this that way they do not have to pay a fee to dispose correctly of their waste.

According to Ferrell, O. C., there is a four-stage model theory to explain organization's social responsibility for which ethical managers are responsible for. Stage one is where Leaders who promote stakeholder's interests by maximizing profits and rising up costs. This is used to preserve the original interest of the owners. " The responsibility to shareholders may be stated in the following directions, such as the maximum utilization of resources supplied by them, payment of fair and regular dividend, offering opportunity for applying voting rights in the election of directors." (Ferrell, O. C.). Socially, each shareholder holds their own responsibility and are required for maintaining their section of authority.

In addition, stage two involves leaders acquiring responsibilities for their employees. The affectionate relationships that exist between managers and employees will guarantee the increase in production and overall

environment of the business. Managers should So, the management should pass over a section of their responsibility to their employees by providing them with proper work rights, maintaining honesty, training, and provision for a fair working environment. With this, the employees will feel as though they are the important elements of the organization and receive inspiration to devote themselves to higher achievements within the company. (Ferrell, O. C.).

Within stage three, leaders and managers accept more responsibilities for creditors and debtors. Management possesses one of the main responsibilities to deal with its customers. Then, managers obtain the power to set free its responsibility to other creditors and suppliers.

Stage four shows how leaders and managers are accepting responsibility for the entire society. It is a requirement that the management should comply with the rules and regulations that are set in stone. Management also has its own responsibility to pay close attention to the social environment and assure unethical practice are being avoided at all costs.

In conclusion, individuals and organizations face countless decisions daily. Ethical decision making is significant to an organization's success rate and is a choice that individual companies make on their own, but these choices can have compelling consequences for an organization. As we can see, business ethics is a discipline which is unquestionably fast attracting the attention of many business organizations.

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