

## **BUSINESS ETHICS**

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**Abstract:** *Through this study we seek to explore the concept of business ethics, in those aspects that we consider to be essential and concrete. We started from a few questions: Could the two concepts be compatible? If not, why not? If yes, could they be complementary? How real is the use of ethics in the profits of a business? How can be business ethics be exemplified and what principles are essential in doing business? How does the business environment react to the concept? These are some of the elements that will form the basis of this scientific study. Lately, business ethics has been becoming an increasingly popular topic. Set against the global economic crisis, the companies’ credibility could become a major concern. Business ethics also becomes a challenge for training and informing employees and employers, in order to make not only economical, but also ethical decisions regarding their profits. In the study we shall also address the ethical standards required in a business world interested in fundamental values that can make the difference in 21<sup>st</sup> century business. Also, according to a study conducted by the authors, we shall address the two most important ethical values that prove to be essential to a business.*

**Keywords:** *Ethics, morality, fundamental human values, business, management, religion, loyalty, integrity.*

### **1. BUSINESS, MORALITY AND THE INFLUENCE OF RELIGION. DEFINITIONS AND DELIMITATIONS**

According to the *Encyclopedia of Philosophy and Humanities* (Enciclopedia de filosofie si stiinte umane, 2004), the religious influence also contributes to the development or limitation of morality. Thus we have the “Buddhist morality”, defined as the doctrine or the precepts on good coming from the teachings of Buddha. Another approach to morality is the “Confucian morality”, representing “all ethical doctrines contained in Confucius’ thought”. Another perspective on morality is represented by the “Islamic morality”, rooted in “the tradition derived from the Qur’an and the tradition of Prophet Muhammad, which formed the basis of the Islamic civilization and was submitted to systematizations and critical reflections in the medieval Arabic philosophy.” The last discussed approach is the “Hebrew and Christian morality”. It is “the moral thinking related to the Hebrew and Christian religious tradition, based on divine revelation, and whose main object is salvation and the covenant between God and His people, and only then it contains moral prescriptions” (Craciun, 2005).

Through its influence, religion may limit or delineate morality. In this way we can talk about business ethical particularities in Christian countries and specific behaviours in non-Christian countries. Thus religion could at the most delineate the moral profile of the individual in a Christian or non-Christian country.

## **2. BUSINESS ETHICS. MORAL STANDARDS**

On the other hand, ethics is the subject that examines the personal moral standards of the society (Velasquez, 2006). It answers the question on how these standards can be applied in life (Cheney, 2010). But what are these moral standards? According to Manuel G. Velasquez, moral standards are standards that deal with issues that have serious consequences, consequences that could be associated with feelings of shame and fear. Behind these standards stands a good reason, they are not based on authority, and they are not reduced to a level of self-interest, nor can they be accused of partiality (Cheney, 2010). This definition is quite broad and it creates multiple options for making an accurate assessment of the idea of standards. But involving the feelings of “shame” and “fear” can bring into discussion relativizing the terminology if one starts from the multitude of applications. In other words, what causes shame in an Eastern society could be values in a European society and vice versa. Culture (Dawson, 2010) is the engine that creates particular values for each region. This, however, should not lead to uniformity. I think, however, that these possible confusions create the interest in discovering different aspects of the importance of diversity, which could otherwise remain undiscovered. Far from diminishing the importance of principles, this diversity provides value and develops implementation strategies in varied conditions.

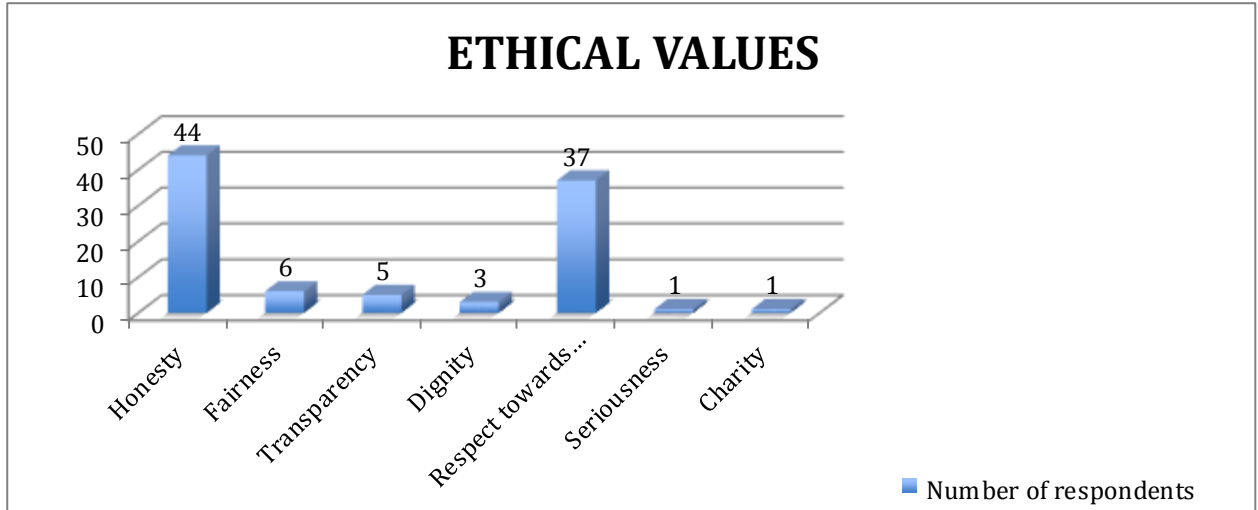
In Ronald R. Sims conception on ethics (Sims, 2002), we should clearly define the areas of fundamental human values such as privacy violation, lying, deception, sexual harassment, unequal distribution of resources, threats, authoritarianism, favouritism, conflict of interests, etc.. Defining all these areas brings to the attention of our study values worth being discussed in an economic and managerial context.

## **3. EVALUATION OF THE BUSINESS ETHICS STUDY**

Before beginning an evaluation of the study, I would like to mention several things about it<sup>1</sup>. First, the study assessed the knowledge on the topic in general. Then, the interest focused on the way the Romanian manager reports to current ethics trends. The study also sought to determine whether a code of professional ethics exists, and to stimulate the creation of such a code that would regulate ethics in the company. Another goal of the study was assessing the manager’s opinion on the importance of ethics and morality in two institutions, the university and the church. The first one, given its involvement in this topic through scientific research, and the second one is designated by managers to be the promoter of morality. One can notice inconsistencies in understanding certain questions and topics. I think this is due either to the manager’s tendency of compressing the time for answers, either to the relatively small space for answers or to a lack of a deep understanding of the topic. It is a fact that manager’s availability for answers represents a current trend of focusing on ethics and other social issues, other than profit. Based on the answers given by the interviewed Romanian managers, the illustrated situation is quite positive. The answers seem quite objective, and the issues in question seem familiar. In Figure 1 we can observe Romanian managers’ trend of ethical thinking.

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<sup>1</sup>The study was conducted by the author in 2010 on a sample of 45 Romanian managers



Graphic 1

Looking at Graphic 1, we can get an overview of how managers who participated in the study see moral and ethical values. Clearly, we can distinguish several fundamental moral values, but two of them are mentioned by almost all the respondents. The first one is shaped around the expression honesty and, in few examples, fairness. These two can be included in one moral value, integrity. In the study, this is the most valued moral value. The second moral and ethical quality valued in the study is respect. It is presented as respect towards employees and respect towards collaborators and clients. This value becomes important through the concern for others, in order to create a social balance.

#### 4. TWO FUNDAMENTAL HUMAN VALUES, IMPORTANT IN DEVELOPING BUSINESS ETHICS

##### 4. 1. Business loyalty

A topic that could be considered important in the broad concept of business ethics is employee's loyalty to the company. In a study conducted by Mathew A. Foust and presented in his book *Loyalty to Loyalty: Josiah Royce and the Genuine Moral Life*, he debates the issue of employees' loyalty towards the philosophy of the company where he works and towards their employer. Two dilemmas are brought into the picture. The first one is related to the ethical perspective of the duty that the employees should have towards the one who pays them and the values of the company. The question at issue is related to the limits of this loyalty. Another dilemma is related to a requirement from the employer that can be considered extremist or illegal. As an extreme example, the author gives the case of the US in September 11, 2001. The two dilemmas are brought into picture in order to delineate the need or the lack of need for loyalty. Beyond these discussions, loyalty remains an important element in running a business and particular matters should be resolved separately. Our conclusion is that loyalty becomes essential in the business process and the employee must be loyal to the company, except for extreme situations, which are illegal or can be considered unethical. The respect should also be

mutual (Mattone, 2013), both from the employee and from the employer. This way, employee's loyalty increases.

#### **4. 2. Integrity**

Another important element of business ethics is integrity. According to the study represented in Graphic 1, the interviewed managers considered honesty to be an indispensable value in business. In running a business, the primary phase of evaluating it through classical assessment methods like "good" or "bad" is long outdated. This assessment method is simply a "reactive" one, usable in a given situation. But there is a need for a type of business development that brings into picture the proactivity of the manager or employee, becoming a promoter of ethical values, not only a skilful character who manages to figure things out without being caught or without being accused of an illegal or immoral crime.

Integrity is what reflects the individual's concern for honour, for moral values. In this context, integrity becomes the opposite of hypocrisy. Hypocrisy represents a false attitude in interpersonal relations, the individual seeking to grab attention, favours, etc. (Enachescu, 2005). In the moral dimension of the individual, integrity represents transparency, authenticity.

One could ask what motivates an individual in having integrity. The danger of being caught and punished for doing something wrong? The concern for one's image if the media discovers the corruption case? What would his children or grandchildren think about that individual who lacks integrity? (Kennedy, 2005). Moral integrity, as a fundamental value of business ethics, is not about external motivation like fear of punishment or tarnishing one's image in the society and family. Integrity is an intrinsic value, a value that the individual does not develop because of an outer primitive element, but because of a culture of inner morality. It is something like "I do this because I cannot do otherwise", because it's all about a personal set of values, about education and accountability.

### **CONCLUSIONS**

Business ethics, undeniably a current field, distinguishes itself through its importance in the beginning of the 21st century, after it started building its academic way in the capitalist countries. Ethics also materializes its importance for business through the study conducted with the participation of 45 managers. The most important ethical issues highlighted by the answers to the survey were: honesty, respect, fairness, transparency, dignity, etc. The interest of the Romanian managers in business ethics is reinforced by the positive response regarding the existence of an ethical code required for a proper management of business relationships. The profile of a businessman becomes positive, in the context on an increasingly greater interest in ethics and in accepting a goal that should have been considered imperative and urgent from a long time ago.

The two moral values discussed in this article are important in the context of an important business development endeavour and of creating a credible economy. The two elements are also important because the first one applies particularly to employees, while the second one, integrity, applies particularly to employers. The presentation and development of the two values come to balance the development of the managerial vision on business ethics. I believe that the

implementation of ethics can have a much boarder dynamic if the politicians would place greater emphasis on promoting ethical values, from personal example to major decisions taken in an institutional setting.

In conclusion, business ethics remains on an upward trend in Romania and in international business due to the influence of external factors such as competitive political and business environments in other countries, but also due to internal competition and consumers, to the general public, who becomes increasingly informed in the field of business ethics. The ethical need is required in order to create an external ethical image, and to have a functional and credible business environment. The development of business ethics as an intrinsic value remains a perspective worth imitating and developing.

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