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# Introduction to Business Ethics

Pop-Culture has taken the global business by storm, almost all corporates use social media to advertise their business, selling products and services. When business is facing challenges of being profitable. Manager will struggle with choices of being ethical or unethical in the manner of conducting day to day business activities, for example, Hotel Sales and Marketing Manager celebrating and appreciate on social media, the life of Procurement Director of Government Department who is responsible to award business contracts for residential conferences.

Business external stakeholders may perceive the business omni-present evil force and it will not be in a good standing with some communities. Business professionals may end up compromising compliance of tax evasion and not being moral about advertising.

What is clear is any act of unethical behavior it under cut someone business resulting in higher revenue and declare better profit margins then the competitor’s business will suffer loses.

In conclusion it is clear that business professionals should be concerned about unethical business practices because is not fair to competitors, they will end up with job loss and society will not earn income resulting in poverty.

# Ethics of Business Culture

Most business have their core values which guides the culture of the organizations, managers and its employees. Business people have two morality rules, those are work morality and personal morality. Work morality is guided by company set of goals; what company is set to achieve in terms of financial performances meaning profits. Business people are prone to bluff in order to achieve budgeted revenues. the question of morality or ethics was raised by Albert Carr, “is business bluffing ethical? (Carr, 1967) “he quoted Henry Taylor who pointed out that falsehood ceases to be falsehood when it is understood on all side that the truth is not expected to be spoken” Business people will go as far as giving discounted rates of goods and services so that they can accomplish their set goals.

Certain business practices are based on rules of the industry for an example in the legal fraternity, a defending lawyer asking his client to plead “not guilty” while he knows that the client is guilty and the judge or presiding officer of the case knows as well, but it will be agreed that the truth will not be spoken (Carr, 1967)

At the end of it all is up to the individual to practice honesty, primarily a moral choice (Stevenson, 1989). Why Be Honest If Honesty Doesn’t Pay? (Stevenson, 1989) if manager does not deliver on company set goals because of honest, the company may go down resulting in job cut. If it means you compromise private morality for business so, be it at your own risk (Stevenson, 1989)

In conclusion, managers in business must promote the culture of ethical practices, should they fail to do so it may cost the company at later stage. It stands a risk of being sued for unethical practices it may pay heavy penalties. The case of Lockheed Cargo Plane trading in Japan (Pae, 2008)

# Ethics in a Global Economy

Cultural Relativism – can be summarized as “Cultural relativism is the ability to understand a culture on its own terms and not to make judgments using the standards of one's own culture (google, Cultural Relativism , 2022). The purpose of this section, is promote understanding of cultural practices that are not typically part of one's own culture” (google, Cultural Relativism , 2022). The case of Lockheed under the leadership its CEO Carl Kotchian who bribed Japanese officials to secure contracts for his company to sell products in Japan. United State of America is not custom to bribes, Kotchian was ordered to explain his action. (Pae, 2008). In his response he said if he did not offer the bribe the business would be lost to another company resulting in Lockheed employees laid off (Pae, 2008)

“If we were back in those times, I’d do it again,” Kotchian said in an interview with the Associated Press in 1978. “In present times, with the change in attitude and standards that are being applied now, I don’t think that I would.” (Pae, 2008)

It can be concluded that, based on the above experience by Lockheed CEO, the case in Japan, to resolve the process of judgement decision making by multinational corporation managers. Donaldson suggest that ethical algorithm contract between the host and home to solve the pitfalls (Donaldson, 1989) and there need to be social contract between the company and society to avoid the pitfalls. These challenges can be prevented.

# The Morality of Capitalism

Capitalism is an economic and political concept in which different countries are using to trade and industry are controlled by private sector for profit or loss with less interference by government or no government involvement (google, Meaning of Capitalism, 2022)

Defenders of capitalism can be government like United States of America. China, Vietnam, Cuba and Russia are communist countries. Capitalism promotes wealth, individual is able to decide what to do with their wealth, most of the rich are able to donate some of their proceeds to the poor through corporate social responsibility (CSR) program of the company. Customers or consumers of products and services have a freedom of choice by so doing it creates healthy competition for business. Society benefits through employments opportunities.

The famous articles in the New York Times by Milton Friedman about business, he writes that business does not only concern itself about profits, but social responsibilities to the society, employment conscience too (Friedman, 1970).

This paper can conclude that capitalism, private sector does create jobs for society is not only for profits and private sector is also concern with environment for people and the future of our children to come.

# Social Responsibility

Social Responsibility or Corporate Social Responsibility concept is when companies become sensitive to how they conduct business taking into account the call by civil society canvasing for consideration. Companies started considering the people, profits and planet (3 Ps). Since Covid 19, hospitality sector was amongst the most affected by lockdown globally. Hotels, restaurants, conferences and etc. had to close down as per governments directives. AH Hotel and Conference is one of the businesses which had to lay off staff during the period. However, the founder of Jospong Group of Companies, Executive Chairman ordered management of the hotel not to lay off staff considering loss of income and ultimately the job. AH Hotel was one of the hotels which never closed or lay off the staff during covid 19. The benefit was that management secured a private business during the period because it was not closed. All what was required was to observe all covid 19 protocols all the time, the team dully trained. AH Hotel and Conference di not lay off the staff during covid 19 period for two years. The owner of the hotel considered corporate social responsibility to help the staff during the time staff needed help.

Procurement department has been advised to source suppliers those who are environmentally friendly and Sales & Marketing team has been including the ecotravel friendly notice to the business brochures for the customers to be aware. All private sector companies must be conscience of government efforts in developing environmental laws and enforcements. It benefits all who live in this planet.

# Advertising: Creating Desire or Informing Public

Advertising is the most powerful way to sell product and services to potential customers, reminding customers of the availability of particular products and services so that is always in their minds. For the hotel, it helps to increase rooms occupancy percentages and increase in food and beverage revenues including other supplementary revenues. Advertising today is big business, the holding company, Jospong Group of Companies owns Television and Radio stations, most of the subsidiaries are using those channels to advertise the product and services including website. AH Hotel is using all the electronic mediums to sell its products and services.

While the company is aware of the impact of advertising, the question is why not advertise when your competitors are putting their products and services in public. We are cautions of possible negative impact to the society. Why honest when honesty does not pay? (Stevenson, 1989) to avoid the issue of closing business and lay off staff. We need to trade with caution to avoid harming our society. The next lesson deals with environment issues.

It can be concluded that advertisement has taken global society by storm in particular Pop- Culture which has been mentioned in chapter 1, however their business society need to be conscience of its pitfalls which it may have negative impact to the society.

# Environment and Economic Growth

United States of America has Environmental Law which includes Pollution control law (air quality law, water quality law, waste management law and environmental cleanup law) and Natural Resources law (Species protection, Water resource law, Mining law, Forestry law, Fisheries law and Game law) (Congress, 2022). This law helps civil society and organized environmental groups to be the watchdogs for the corporations to act according to environment enforcement codes.

In the past 27 years environmental groups has succeeded in raising issues relating to the subject matter, in particular during the annual gathering of COP – Conference of The Parties which was first held in Germany, Berlin in 1995. Corporations around the World have implemented the countries commitments which was signed during the COP agreement.

More organization are practicing environmental efforts, new entrants in the field of waste management are increasing, Zoomlion Waste Management in West Africa – Ghana. During the period of between 2010 and 2020 it employed just above 23 000 people. It can be concluded that environment creates economic benefits to its company and society.

# Ethics Of Insider Trading, Mergers and Acquisition

## Ethics Of Insider trading

Insider trading is when non-public information is used to trade securities and take that information to make profit, for example the case of Martha Stewart who lost $2 billion empire (Washingtonpost, 2015), she got information from corporate insider that the stock market will drop in the near future and she made a decision to sell her stock before the drop. Getting information about organization which it was not public information and you use it for profit is not advisable. It remains private and confidential to the company and its executives (Washingtonpost, 2015)

Managers of corporation needs training in compliance to make sure that private and confidential information remains the property of the organization and to always sensitize managers of the risks associated with non-public information.

There should always be fairness to the information available to all investors receiving such information at the same when it becomes public knowledge.

## Ethics Of Mergers And Acquisitions

Mergers is an agreement of two existing companies that unite to form one big company for whatever reason, it could be for the purpose of gaining market share or expand their products and services. there are ethical dilemmas in business mergers and acquisitions (Hill, 2017) Disclosure by target company, unfriendly takeovers, confidentiality, termination of employees and relocating employees.

Management of the organization believe that when the negotiations has been closed, the company will gain competitive advantage and post increased profit margins (Hill, 2017)

Acquisitions is when one company purchases majority shares or more that 50% of another company to take control of that company. The process of negotiations to close may be differ from company to company, but the implementation maybe similar to the mergers. Termination of employees and the deployment of employees to other branches of the new company. Unfriendly takeover and etc.

# Individual Responsibility in Organizations

Groupthink happens when a group of meeting and their desire to maintain group loyalty becomes more important that their individual and the best choice or sound decision for that issue in hand. The illustration of individual thoughts is seen in figure 1 below, the chairperson asked a question to the group “Everyone in favor raise your hand!” the picture shows that all of them are in favor but the mind says something else. Yeah sure, this is crazy, this will never work, worst idea ever and whatever.

|  |
| --- |
| Group Think |
| how to avoid Groupthink |
| Figure: 1 Source: Groupthink |

According to Irvin Janis (1972), groupthink is “*a deterioration of mental efficiency, reality test, and moral judgement that results from in-group pressures”*

Individual are concern with punishment should they find themselves opposing the group decision. Incorrect decision can be taken with the view that consultative process has taken place with majority of the group of managers, which is true but the outcome was totally wrong.

The conclusion associated with Groupthink is while managers want an inclusive process to make organization decision, individuals are concern with issues relating to their personal morality job security. It is important follow tips for avoiding groupthink (Cherry, 2020)

* The leader should avoid stating their opinion first
* Assign a ‘devil’s advocate”
* Discuss the topic with outsider to get different opinion about the topic
* Reward creativity and allow group member s to share their ideas
* Before decision is made, allow the group to have last chance

# Creating And Encouraging Moral Climates

Managers of organization are the people who are in the forefront of business and are governed by policies and procedures of the organization. Organization has its leadership, Board of Directors, managing director, Chief Executive Officer or General Manager. The question is, are they practicing moral leadership in business? Is there moral climate in the business? Does the organization have company credo? Patrick Murphy offers specific policy measures that companies can implement encourage ethical behavior (Murphy, 1989)

The issue which is being raised in the section is, lack of set of values which guides managers and entire workforce and instead strategy and budgets is documents given to managers when they join to guide them. Standard Operating Procedure (SOP) is being used as tool to support day to day business operation. The team needs more than the above for internal business process. How do the company conduct induction to all new recruitment? The moral climate to the company and for the new employees to understand the moral and ethical culture of the organization.

In this section, Murphy guides us to us to use three promising and workable approaches to infusing ethical principles into business (Murphy, 1989)

* *Corporate credo* – define and give direction to corporate values
* *Ethics programs* – where company-wide efforts focus on ethical issues
* *Ethical codes* – this is codes of conducts which provides specific guidance employees in functional areas.

The implementation of the above ethical principles must be attended by all leadership and employees to show and exhibit total commitment to the cause.

I firmly believe that the next move is to make sure the I put forward a proposal to my organization to develop new corporate credo as proposed by Murphy (Murphy, 1989)

This approach will only help management but all our stakeholders (employees to employees, employees to our customers, company to our suppliers, company to our communities and company to our stockholder) (Murphy, 1989)

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