

TOWARDS RESOLVING SOME ETHICAL DILEMMAS IN BUSINESS ENVIRONMENT: AN ITINERARY INTO THE QUIDDITY OF BUSINESS ETHICS

Charles Kosolu Onebunne
Department of Philosophy,
Nnamdi Azikiwe University, Awka
Email: ck.onebunne@unizik.edu.ng

Abstract

Velasquez underscores Business Ethics as a specialized study of moral right and wrong. This is so since it focuses on moral standards as they apply particularly to policies, institutions, and behavior in business environment. It is the application of our understanding of what is good and right to that assortment of institutions, technologies, transactions, activities, and pursuits which we call 'business'. J. Desjardins holds that Business Ethics refers to those values, standards, and principles that operate within business. He also believes that Business Ethics can refer to an academic discipline which studies such values, standards and principles. However, he endeavored to make a distinction between Business Ethics as an academic field and as a practical guide. Thus, he opined that Business Ethics as an academic field is more a matter of ethical reasoning and thinking than behaviour. The crux of the matter in this study is – what exactly is the subject matter of Business Ethics? In addressing the question, this study employs the method of analysis to look into the quiddity/nature of Business Ethics especially as it pertains to resolving some ethical dilemmas that rear their heads in business environments. This is in relation to putting human beings side by side with profit making which is the hallmark of doing business. In all, this study concludes that the gamut of what is studied in Business Ethics is that Business Ethics seeks to ensure that there is human face in business.

Keywords: Business Ethics, Ethical Dilemma.

Introduction

Business Ethics is a specialized study of moral right and wrong. This is so since “Business Ethics focuses on moral standards as they apply particularly to policies, institutions, and behavior”.¹ It is the application of our understanding of what is good and right to that assortment of institutions, technologies, transactions, activities, and pursuits which we call business”.² C.W. Gichure views business “as corporate institutions, voluntary and statutory, including small sector, professional and trade bodies, trade unions, government departments, legislative and regulatory agencies and institutions”³. These imply that Business Ethics applies to such parties as; investors, consumers, employees, policy makers, directors etc. To this effect, Business Ethics is undoubtedly needful in business because, producers, providers and consumers of goods and services may conflict with each other in value sharing. Expatiating on the above postulation, J. Desjardins holds that “Business Ethics refers to those values, standards, and principles that operate within business”.⁴ He also believes that Business Ethics can refer to an academic discipline which studies such values, standards and principles. However, he endeavored to make a distinction between Business Ethics as an academic field and as a practical guide. Thus, he opined that “Business Ethics as an academic field is more a matter of ethical reasoning and thinking than behavior”.⁵ This is so because Business Ethics having a practical side aims at judgment, behavior and actions within business milieu. “Business Ethics is very pivotal in business owing to the fact that human individuals underlie the cooperate organizations and those human individuals are the carriers of moral duties and moral responsibilities”.⁶ This simply means that human person is both the terminus a quo and terminus ad quern of Business Ethics. Business Ethics therefore, considers the rights, duties, and obligations of individuals as both producers and consumers in the business environment. Consequently, Business Ethics covers such business areas as production, sales, pricing, profit making, advertising, marketing, purchase, etc., all in a bid to ensure justice and fairness as well as commitment and loyalty in business environments.

Outlining Some Ethical Dilemmas in Business Environment: An ethical dilemma is a situation where a potential course of action offers potential benefit or gain but is unethical in that it violates one or more ethical standards in business. Some ethical dilemmas in business include the following:

- i. Providing a product or service you know is harmful or unsafe.
- ii. Misleading someone through false statements or omission.
- iii. Using insider information for personal gain
- iv. Benefiting personally from a position of trust
- v. Playing favoritism
- vi. Falsifying documents
- vii. Taking bribes
- viii. Participating in a cover-up
- ix. Violating confidentiality
- x. Manipulating and using people
- xi. Theft or sabotage
- xii. Substance abuse
- xiii. Committing an act of violence
- xiv. Negligence or inappropriate behaviour in the workplace
- xv. Padding expenses
- xvi. Misusing company property/equipment

Classifications of Ethical Dilemmas/ Issues in Business Environment

This study uses dilemmas and issues interchangeably as they convey the same meaning in Business Ethics. That explains why the sub heading of this section of the study reads *Classifications of Ethical Dilemmas or Issues in Business Environment*. As it were, Ethics seeks to reconcile a whole lot of issues/dilemmas. But for purposes of comprehension and order they have been categorized into three (3) major areas. These include:

- i. Systemic issues
- ii. Corporate issues
- iii. Individual issues

i. **Systemic Issues:** Systemic Issues in Business Ethics are those ethical questions that pertain to the economic, political, legal, and any other social systems in which business functions and operates. Velasquez submits that systemic issues include “questions about the morality of capitalism or of the laws, regulations, industrial structures and social practices within which business operate”.⁷ They are ethical issues that relate to the incompatibility of cultural norms and values expectations of different businesses. For instance, in Nigerian case, this type of issues may be seen in the relations between oil companies and their host communities. Again, systemic issues in business may arise in a situation where a business organization that produces condom wishes to operate in an environment that abhors pre-marital sex.

ii. **Corporate Issues:** These are ethical questions that pertain to individual companies. For Velasquez, “they include questions about the morality of the activities, policies, practices or organizational structure of an individual company taken as a whole”.⁸ For instance, in a company such questions as these constitute corporate issues: do production processes have harmful effects on the operators or users, are people lied to, are products in breach of patent rights, are labour practices in breach of human rights? Etc. all these are some of corporate issues that Business Ethics is desirous of examining and consequently resolving.

iii. **Individual Issues:** These are those ethical issues that concern a particular individual or individuals within a company. These include questions about the morality of the decisions, actions and character of individuals in a business organization. These are issues that arise from individual idiosyncrasies, beliefs, opinions and moral inclinations. For instance, a

company that has individuals from different cultural and religious leanings is sure to experience this level of ethical problem. In this context, “Business Ethics has to do with the extent to which a person’s behaviour measures up to such standards as the law, organizational policies, professional and trade association codes, popular expectations regarding fairness and rightness, plus individuals’ internalized moral standards”.⁹

Ethical Guides to Resolving Ethical Dilemmas in Business Environment

Some of these guides include:

- i. Having recourse to the sources of ethical standards in business environment
 - ii. Drawing a demarcating line between legality and morality in business environment
 - iii. Relying on philosophical frameworks for moral decision making in business environment
- i. Having Recourse to the Sources of Ethical Standards in Business Environment:** In business environment, behaviours are guided by some standards that originate from certain sources as are outlined here under:
- a. **Law:** Law is an important and legitimate source of ethical guidance. That is why in business environment, it is generally believed that the way out of ethical dilemma is to concentrate on legal compliance. In line with this, violation of the law is regarded as unethical except where civic disobedience is the case. Regarding this Schermerhorn believes that “pursuing business outside the law is regarded as an obstructionist approach to Business Ethics”.¹⁰
 - b. **Organizational Policies:** This is another source of Ethical standards in business arena. They are standards for behavior that are established by different organizations or companies. These policies spell out in full how things ought to be done. Every individual within the organization is therefore expected to adhere to its tenets.
 - c. **Codes of Conduct:** These are codes of behaviour that are adopted by professionals and trade associations. Most often these codes go beyond stipulations of law to establish higher standards than the law ordinarily requires.
 - d. **Social Mores:** These refer to communities’ concept of morality which is often times unwritten. “These social mores based on commonly held beliefs about what is right and wrong and fair and unfair can be powerful determinants of a person’s reputation”.¹¹
 - e. **Good Conscience:** Conscience here is seen as the functioning of an individual’s moral values in the approval or disapproval of his/her own thoughts and actions. In ordinary language, it is that inner voice that tells us what is good to be done and what is bad to be avoided.
- ii. Drawing Demarcating Line between Legality and Morality in Business Environment:** The relationship between law and Ethics is close that often they are difficult to separate. This is because both law and ethics (morality) help for a well ordered society. However, the two concepts are not the same thing though they share relatedness.

One clear way to understand their distinction is to view them from the perspective of legality and morality. While legality is connected to law, morality is connected to ethics. This way, it becomes clear that some actions can be legal without being moral. Some laws proscribe certain moral acts while others still allow immoral act. For instance, slave trade at the time it was in vogue was legal but immoral.

In the business world, many business people believe that ethics is identified with the law. For these people, business behaves ethically when it obeys the law. But does compliance with law alone presuppose compliance with ethics? By no means, compliance with law alone will prove insufficient

for ethically responsible business. In line with this presupposition, Desjardins postulated that “there are some cases where law does not help, and the manager (of an organization) therefore is forced to make judgment about what ought to be done”.¹² This goes to demonstrate that one cannot always rely on the law alone to decide what is right or wrong. Now consider a situation where a factory that produces edible items with one form of harmful elements obtains and retains a legal backing to operate. The question here is, is the activity of this factory legal and moral? By all standards, it is legal. By all standard too, it is unethical or immoral. Corroborating this view, Joseph Desjardins opines that:

It is because most business decisions never get to the point where a judge and jury are asked to make a determination, business managers will be faced with the unavoidable responsibility of looking beyond the law for guidance in making ethical decisions.¹³

Now consider this story as told by Manuel G. Velasquez, in his book *Business Ethics, Concepts and Cases*.

When an accountant for example, was asked to prepare a Business ethics report for the Board of Directors of a certain company, his report excluded allegations that a store manager was trying to bribe a tax officials. When asked why the alleged bribery attempt was excluded from the report, he replied that he did not feel the incident was ‘unethical’ because it was not ‘illegal’ implying that ‘unethical’ and ‘illegal’ are the same.¹⁴

This story serves to show that it is wrong to see law and ethics as identical. However, in certain circumstances, law requires what ethics requires and vice versa. For instance, both law and ethics prohibit murder, rape, theft, etc. When this happens, we say that law and ethics have coincided. However, this coincidence is not always because same laws have nothing to do with morality. Again, experience has shown that some laws even go as far as violating moral standards so much so that they are contrary to morality. Examples of such laws are pre-civil war laws in America that required citizens to treat slaves as property and the laws of Nazi Germany that allowed anti-Semitism.

The point that has been established is that in life and in business environment, ethical standard supersedes legal standards. But this does not imply that ethics does not need law. Velasquez succinctly puts it this way:

Both law and ethics should play complementary roles in the business world; where ethics lack force, law should come in and where law derails, ethics should direct. Our moral standards are sometimes incorporated into the law when enough of us feel that a moral standard should be enforced by the pressures of a legal system; and laws on the other hand, are sometimes criticized and eliminated when it becomes clear that they blatantly violate our moral standards.¹⁵

- iii. **Relying on Philosophical Frameworks for Moral Decision Making in Business Environment:** It was Aristotle who once postulated that the end of Ethics is action, not knowledge. That simply implies that the primary goal of ethics is practical rather than theoretical. In analyzing Aristotle, John Finnis states that:

He (Aristotle) meant that one does ethics properly, adequately, reasonably, if and only if one is questioning and reflecting in order to be able to act - i.e. in order to conduct one’s life rightly, reasonably, in the fullest sense ‘well’. And doubtless he had in mind that the questioning and reflecting which constitute the academic pursuit itself are themselves actions, the actions or conducts of you or me or Aristotle or those of his students who took his course seriously.¹⁶

The above citation implies that Ethics, apart from being an academic discipline as a branch of Philosophy, is also a practical guide in life which helps us to, among other things, make some choice about how to conduct our behaviours every now and then. Business Ethics arose from the need to have a clear guide in the decision making processes environments. This is so given the fact that a whole lot of dilemmas exist that need to be tackled in day to day business operations. More so, given that law alone is insufficient in guiding business. Ethical dilemmas in business are both actual and potential in nature in that they occur and keep occurring.

Some Philosophers through the ages have come up with five approaches/ways in dealing with moral issues in Business Ethics. This study adopts these approaches as a way out of those ethical dilemmas as earlier stated in this work. The approaches are:

- i. The utilitarian approach
- ii. The rights approach
- iii. The fairness or justice approach
- iv. The common-good approach
- v. The virtue approach

- i. **The Utilitarian Approach:** Utilitarianism as a school of thought in Philosophy was first conceived in the 19th century by Jeremy Bentham and John Stuart Mill. They propounded it to help legislators determine which laws were morally best. Both of them postulated that ethical actions are those that provide the greatest balance of good and evil. In dealing with ethical dilemmas in business, there are three points to consider, namely:
 - a. Identify the various courses of action available to us.
 - b. We ask who will be affected by each action and what benefits or harms will be derived from each.
 - c. We choose the action that will produce the greatest benefits and the least harm.

Finally, utilitarianism provided that the ethical action is the one that provides utility (usefulness) based on the greatest good for the greatest number.

- ii. **The Rights Approach:** Immanuel Kant is a foremost proponent of this approach. According to the philosophers of this approach, what makes human beings different from mere things is that people have dignity based on their ability to choose freely and that they have a fundamental moral right to have these choices respected. This approach maintains that humans are not objects that can be manipulated so that it is a violation of human dignity to use people in ways they do not freely choose. Apart from this already mentioned fundamental rights there are others that are related and complimentary to it, namely:
 - a. The right to the truth
 - b. The right to privacy
 - c. The right not to be injured
 - d. The right to what is agreed

Using this approach to decide whether an action is moral or otherwise we must ask: Does the action respect the moral rights of everyone? Actions are wrong to the extent they violate the rights of individuals.

- iii. **The Fairness or Justice Approach:** This approach is traceable to the teachings of the ancient Greek philosopher, Aristotle who submitted that equals should be treated equally and unequals, unequally. Another philosopher whose work has great bearing on this approach is John Rawls. Going by this approach, the basic question to ask is: How fair is an action? Does the action treat everyone in the same way, or does it display favoritism and discrimination which are both unjust and wrong.

- iv. **The Common-Good Approach:** The notion of common good originated from the writings of Plato, Aristotle, Cicero and Thomas Aquinas. It is a notion that conceives a society as a

community whose members are joined in the shared pursuit of values and goals they hold in common. The goods of the individuals are inextricably bound to the good of the whole. This approach enjoins us to consider ourselves members of the same community while reflecting on questions regarding the kind of society we want to become and how we are to achieve that society. It also exhorts us to recognize and advance those goals we share in common.

- v. **The Virtue Approach:** Oxford Advanced Learners' Dictionary defines virtue as behavior or attitudes that show high moral standard. This approach therefore holds that there are some ideals toward which we should strive and which leads to the full development of our humanity. These ideals are discovered through thoughtful reflection on what kind of people we have the potential to become. Virtues are like habits which once acquired characterize a person. In this way, the person will be naturally disposed to act in ways that are consistent with moral principles. Some of these virtues in question include: honesty, courage, compassion, generosity, fidelity, integrity, fairness, self-control, prudence, et cetera. In tackling ethical dilemmas by applying the virtue approach, we should ask the following questions: what kind of person should I be? What will promote the development of character within me and my community? What character traits would I be exhibiting if I choose this action? - Honesty or deceit, compassion or selfishness, prudence or imprudence, responsibility or irresponsibility? etc.

Conclusion

There is no gain saying the fact that some people believe that all there is in business is to make profit no matter the means employed in making such profit. As it were, some people believe that lying is part and parcel of business so that one must lie to make profit if lying is the only way to succeed in business. Lying entails falsehood and falsehood has different manifestations in business which include – adulteration of products, putting false expiration date on products, lying about ingredients on products, shooting up prices, etc. All these are done not minding the negative effects on the customers and consumers. Therefore, it amounts to a situation of subjugating the cause of humanity and indeed relegating the service-nature of business to the background. It is therefore important that Business Ethics should exist to provide a standard that must be followed in business environment. Otherwise, business environment will be characteristic of Hobbesian state of nature where life is nasty, short and brutish.

References

1. M.G. Velasquez, *Business Ethics: Concepts and Cases*, 4th ed. (New Jersey: Prentice-Hall Inc., 1998). p. 13.
2. Ibid. p.1.
3. C.W. Gichure, *Ethics for Africa Today: An Introduction to Business Ethics* (Nairobi: Pauline Publications Africa, 2008). p.14.
4. J. Desjardins, *An Introduction to Business Ethics*, 2nd ed. (New York: McGraw Hill Companies Inc., 2006). p. 8.
5. Ibid. p.9.
6. M.G. Velasquez, p.18.
7. Ibid. p.15.
8. Ibid. p.16.
9. W.I. Saucer Jr., *Experiences in Teaching Business Ethics*, (Charlotte: Information Age Publishing Inc., 2011). p.5.
10. J.R. Schermerhon, *Management for Productivity, Business Ethics Set*, (New Jersey: John Wiley & Sons, 1993), p.75.
11. W.I. Saucer, Op. Cit., p.6.
12. J. Desjardins, p.11.
13. Ibid.
14. M.G. Velasquez, p.37.
15. Ibid. p. 38.
16. J.M. Finnis, *Fundamentals of Ethics*, (Georgetown: Georgetown University Press, 1983), p.1.