

TO BUSINESS ETHICS

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Abstract: Starting from the diversity of perspectives which approach business ethics, this article intends to analyze the way in which ethical norms and values apply to this field. Thus, we discuss the possibility of certain systematizations of the concepts where business ethics operates and of the interrogations involved by this enterprise, particularly in relation to the responsibility, the ethical decision and the moral dilemmas. Distinct space will be given to the main premises and arguments, as well as the way in which they may be used in the theoretical construction of business ethics. By capitalizing the views of Romanian and foreign authors, the article pleads for the development of a research methodology, as well as an interdisciplinary approach of the major themes in this field.

Key words: business ethics, responsibility, decision, moral dilemmas, ethical behavior.

A critical review

Intending to clarify the issues of a moral nature involved in the activity of economical agents, business ethics is confronted with numerous conceptions and points of view. These highlight one aspect or the other, they extend certain principles and norms of conduct or they limit their content.

The related literature of the past decades has consecrated several definitions by which business ethics is characterized as:

- An ethical perspective, either implied in the behavior or stated explicitly, of a campaign or of an individual who does business (R. T. De George, 1990);
- Set of principles or arguments which should govern business conduct at an individual or collective level (P.V. Lewis, 1985);
- Field of investigation concerning people's concerns to notice the principles which constitute business ethics, in the idea that they should become business ethics and the ethics of businessmen (R. Crisp, 1998);

- Study of business situations activities and decisions where there are problems concerned with what is morally good or bad (A. Crane and D. Matten, 2007);
- Array of contractual and extra-contractual obligations which are imposed on all the people involved in business relationships (Ionescu, Bibu and Munteanu, 2006);
- Applied ethical theory, where the concepts and methods of ethics are used in approaching the moral issues of the economical field (Bădescu, 2014);
- Set of moral rules regarding the conduct of economical agents, including the activity of economical organizations, institutions, sectors etc., as well as the practices that got established within these relationships (Iamandi and Radu, 2014).

Firstly, one can notice that business ethics approaches extremely diversified issues which include both moral and conduct principles that regularize inter-human relationships within economical organizations as well as the moral consequences of the decisions taken in business relationships.

On the other hand, the problems which may be identified in this context include aspects such as: the correct remuneration of the invested capital, rewarding the risks, balanced remuneration, the problem of conflicts of values and moral dilemmas, the social responsibility of the organizations or the rights of the employees to promote their own interests.

This proves that business ethics regards both the society as a whole and the relationships with the institutions which govern society at a central or local level, the factors involved in the organization and affected by its activity, work relations and the obligations of managers and employees as well as the array of rights and obligations which result from the hierarchical structure of the economical organization.

A significant contribution to the clarification of the issues discussed here is brought by M. Popa and collab. (2011, p. 149-150) who propose the systematization of the contents of business ethics thus:

- The subject of business ethics (the moral agent), who may be a person, a group of people, the members of an organization, the economical agent with judicial personality or society as a whole. From the perspective of business ethics, the main focus should be directed towards the active economic agents (the owners, the shareholders and their employees).
- The level of approaching the problem – which can be represented by a business in general, the process and means of obtaining profit, the functioning specific of the firm, a contract or a business

- relationship, the array of economical, social, cultural, judicial, social etc. conditions.
- The analysis framework – which may be both theoretical (that of opinions, judgments, intentions and representations regarding the system of relationships or positions, the mission and the objectives of the organization, business plans, action plans etc.) and practical (the effective course of business, the level of experience acquired, the consequences of the actions that took place etc.).
 - The social status of the moral agent – which involves certain moral demands and separate discussions with the managers (the decision factors and the coordinators), with the executors (the employees and the subordinates), with the collaborators and the beneficiaries (the shareholders, the owners, the clients, the consumers, the suppliers, the creditors and the competitors).
 - The objective of the moral analysis of businesses – made up of the decisions, the intentions and the actions of the people in the field of business (if the moral subject is an individual), and in the case of a group – group conscience, organizational culture, social responsibility, the actions undertaken etc.

Simultaneously, Crăciun, Morar and Macoviciuc (2005), Popa (2006), Ionescu, Bibu and Munteanu (2006), Iamandi and Filip (2014), insist upon the different levels of analyzing business ethics. Thus, if the level of micro-ethics regards the rules of exchange between individuals and the nature of different obligations or individual rights, the level of macro-ethics approaches the issues of ethics from the level of a society and is based on the definition of concepts such as: social justice, the legitimacy of private property, equity, the functioning principles of the society (the freedom to act respecting the laws of market economy, regulating individual rights, the means of distributing goods, the legitimacy of governmental intervention, exchange equity, rewarding performances etc.

The level of the business organization regards the general features of a business organization as a judicial person (rights, obligations, relations with shareholders and associates, the responsibility of protecting the interests of the owners, the responsibility of each individual within the organization, the set of social and community responsibilities).

Finally, an important perspective refers to the systematization of business ethics according to the different types of activities involved by this field. Thus, we can talk about the way of applying the principles of general ethics to the business practices and whether one can talk about the extent to which the involved actions are morally justifiable or are

immoral. Another type of activity refers to the possibility in which the moral terms used to describe individuals and their actions may also be applied in the case of business organizations. Another activity pertaining to business ethics regards the moral suppositions and the moral perspective in relation to the economic system in which the action takes place (the morality of the economic system, the justification of terms such as property and competition, the utility attributed to “cost-benefit” analyzes etc.).

As a conclusion of the aspects signaled here, D. Murray (1999) considers that the values that a business company or organization should consider for the correct development of its activities refers to: consideration for others, consistency in keeping ethical standards, creativity in saving resources and protecting the environment, correctness in relation to the supplies, beneficiaries, employees and associates, transparency in the communication with the partners, the employees and the institutions of the state and the interdependency of interests with the community where the action takes place.

The aspects I mentioned open the discussion towards the examination of the set of concepts with which business ethics operates. The following section analyzes the idea of responsibility and the practical difficulties it faces.

Responsibility and its consequences

The main concept around which the norms and values of ethics are structured is that of responsibility. Applied to the relationship between ethics and business, the issue of responsibility has led to two analysis discussions: one in which responsibility is correlated with the idea of profit, and another which regards responsibility from a larger perspective. I should remind the fact that the first of these approaches is associated to Milton Friedman’s conception (1995, p.153), which states that the main responsibility of a business organization is that of using its resources so that it can attain its objectives, increase its profits, while at the same time respecting the “rules of the game”, namely to engage in free competition, without committing abuse or other immoral deeds.

The author claims that the moment when a business man or a manager subordinates the profit to other interests, no matter their ethical value, the effect will be the decrease of the firm’s rentability, which is equal to the decrease of the owners’ and shareholders’ incomes, the decrease of salaries or the rise in the price of products and services.

As a reply to these orientations, we witnessed the emergence of opinion trends which theorize the idea according to which business responsibility involves more that the attainment of profit. According to

R.T. George (1990), A. Crane and D. Matten (2007), M. Popa and collab. (2011), D. Șerban (2012), C. Ducu (2012) and others, the responsibility of the business organization should manifest itself in relation to its investors and owners as well as to co-interested factors: employees, suppliers, clients, creditors, rival firms, the local community and the authorities of the local and central public authorities.

Discussing the application of the concept of responsibility at the level of enterprises and businesses, V. Morar (2012, p. 137-138) brings to attention the following aspects: first of all, it is an organization made up of an array of individuals, where responsibility appears under the form of duties of each individual; secondly, it is an organization which, apart from its economical functions, also has social functions by which the interests system is balanced; thirdly, the enterprise may be compared to a person, as it has power upon the others who depend on it and because it acts based on certain intentions. By means of this reasoning, we are led to the distinction between the responsibility seen as an obligation or duty and the responsibility used to indicate the fact that an action or its consequences may be attributed to an individual agent.

This intersection of the levels of approaching responsibility is tightly connected to the idea of trust in business relationships, be it trust between people or in one's trust in relationships with the interested parts (firm, buyer, distributor, investor, shareholder, creditor, supplier etc.). The trust between different economical agents mainly depends on the information which is available and on the risk associated with a behavior or a decision. If we start from the idea that the economical agents do not have equal access to complete information, we witness the necessary emergence of relationships of trust, relationships which are developed as a means of limiting uncertainty and risks. The asymmetry of information also manifests itself between managers and shareholders, between the different categories of shareholders, between the employees and the manager or between creditors and shareholders, and it attracts a double risk: the risk of taking a decision and the risk of the consequences of an erroneous decision.

Given these conditions, trust is the supposition that, in situations of uncertainty, the other part will act according to the rules of behavior considered acceptable. Going beyond the relationships based on interests, a relationship of trust involves the establishment of a connection where the economic agent A tries to evaluate the economic agent B's capacity of honoring a commitment. It is obvious that the relationship of trust involves mutuality, honoring one's word, the transparency of the actions performed, the fear of sanctions if commitments are not honored, loyalty and credibility.

The issues signaled above lead us to the idea formulated by Crăciun, Morar and Macoviciuc (2005) regarding the stages of moral development, stages which start from a minimal level and move on towards a maximal one. In this regard, we may talk about a debut of a moral type of reasoning, which may be represented through the fact that force is the basis of justice.

The second stage may be represented by the expression “everything is allowed”, where entrepreneurs believe they may do anything to obtain high profits. From among the moral behaviors which fit into this context, we may enumerate: the false representation of products, fraud, tax evasion, false declarations, not respecting agreements with partners etc.

The following stage is assimilated by the maximization of profits on the short term, a stage when one must take into consideration the business practices regulate from a legal and social perspective, the social responsibility of businesses consisting in the maximization of profits.

What follows is a stage characterized by the maximization of profits on the long term, where, although the necessity of increasing the shareholders’ profits predominates, this issue is associated with the strategic objectives of the company and with the acceptance of the idea of “general interest”. Hence the emergence and consolidation of the thesis of “interested parts” which promotes both the economic mission of the business organization and the interests of particular groups such as: clients, suppliers, employees, the local or regional community etc. The general idea which defines this stage is that the moral judgment does not circumscribe to the strict interest of the shareholders, but also takes into consideration the interests of the participants who take part in the economic or business activity of the enterprise.

The last stage, characterized by the phrase “civic enterprise”, tries to redefine the mission of the economic activity in society. We are talking about the type of moral judgment where the benefits of a business should include all those involved in the economic activity according to the principles of equality, freedom, mutuality and respect for human rights. This stage corresponds to the concept of “moral community” and functions in the virtue of two imperatives: we must pay equal attention to all those affected by our conduct, respectively anyone who is included in the community of moral interest.

Looking at things from such a perspective, one can claim that business ethics does not resume solely to a moral approach (according to which the basic principles of ethics also need to be extended into the business sphere), but it also involves a pragmatic approach (according to which businesses need to be ethical in order to prove a social

responsibility meant to confer durability to the business, obtaining extra profits and avoiding certain risks).

This model of business ethics, writes C. Ducu, should be filled out with an operated variant “which nothing but the translation of the conceptual structure of business ethics into the practice of organizations.” The operated variant is “ethics and conformity” which, in the author’s opinion, consists in “the integrated management of the legal, economical and moral responsibilities of an organization” and it involves instruments such as: ethical codes, internal procedures with relevance to ethics and conformity, ethics and conformity training sessions, instruments which measure the ethical climate, the audit of ethics and conformity, instruments of conflict management, support instruments for taking ethical decisions etc. (2012, p.9).

Of course, we could mention other directions of approach as well, but these may distance us from the purpose of this paper. For this reason, in the following section I will focus upon the theoretical aspects of the decision and upon the moral dilemmas which accompany it.

The responsibility of a decision and its moral dilemmas

The analysis of the cognitive resorts of ethics and of the means of concretizing them in moral behaviors and practices is an element of balance between economy and social performance, claim M. Petcu and E. Dinu (2014, p.918). The two authors mention that ethics is integrated into the process of elaborating the decision at different levels of the managerial activity as it involves knowledge, norms and responsibilities, respecting the interests of the factors involved in the activity of the enterprise, as well as insuring moral and legal correctness.

Within the same field, Popa (2006), Crane and Matten (2007), Dragomir (2010), Iamandi and Filip (2014), Petcu and Dinu (2014) highlight the idea of the need to make a distinction between the different types of decisions and their ethical implications. In essence, we are talking about rational and argued decisions, about decisions determined by factors which are internal or external to the decisive power, about decisions determined by certain economical, political or judicial constraints, about decisions determined by the cost – benefits relation, about strategic, tactic or compromise decisions etc.

According to the authors mentioned above, the aspects referring to the decisions of the individual actors or of the business organization are not less important, which involves taking into consideration such as the following: Who decides? According to which procedures? What consequences are taken into consideration? What criteria of value lie at the base of a decision? How are moral dilemmas solved? How are

responsibilities distributed? To what extent do the codes of ethical conduct work? How does one accomplish a balance between the economic and social performance of an enterprise?

The aspects thus signaled bring forth certain theoretical and practical difficulties, such as: even if we admit that that responsibility depends on an individual exercising power, the effects of a decision have both immediate consequences, as well as on the medium and long term; as a rational act, the decision does not guarantee a favorable result, as long as the effects cannot be fully known; every action is accompanied by “adverse effects”. This means to say that, although a decision seems to be justified on the short term, it can prove to be counterproductive on the long term: even of the array of causes, effects or correlations is difficult to anticipate and control, in order to avoid unwanted effects responsibility must be the object of a calculus meant to diminish unknown effects (cf. Dragomir, 2010).

From this enumeration we can witness the derivation of numerous problems connected to the ethics of decisions, understood as the rational process by which one accomplishes the moral evaluation of an action, a means of action, a rule or of an action option. Decision ethics mainly implies several mechanisms referring to: the finality of actions and establishing purposes; choosing the means necessary to accomplish purposes and establishing priorities; discarding those actions which were not well defined and choosing an option with higher chances of success; choosing the optimum alternative from the perspective of the assumed system of values.

Nobody can miss the idea that taking a decision also involves certain ethical dilemmas, such as, for instance, the individual – collectivity relationship, long term or short term profits, truth – loyalty, consensus – compromise, assuming risks – avoiding risks, respecting the law – breaching legal norms.

In a research consecrated to this theme, M. Petcu and E. Dinu (2014, p.919) identify three steps regarding the elaboration of a decision. The first refers to defining the problem and identifying alternatives (which is the dilemma? What does the conflict of values consist in? Do we have sufficient information? Which are the opinions of the participants?). The second stage involves the evaluation of the alternatives and their consequences (To what extent are the interests in the activity satisfied? Which may be the effects of the implementation of the decision? Who are the people who are affected ethically and judicially by the decision?). The third step implies adopting the decision (the most adequate one from the perspective of ethics).

Analyzed from this point of view, the moral dilemmas refer to the practical solutions of the moment, a criterion of deciding a solution based upon a compromise, the possibility of accepting certain common principles for a temporary solution or the open and perfectible interpretation of the positions which are adopted regarding a moral dilemma or another. In the process of solving moral dilemmas we can also notice the participation of a system of personal values, the array of common values shared by the members of the organization, the attachment to the contractual values included in the array of needs, obligations and mutual rights of the people.

The aspects discussed so far involve taking into consideration what we commonly call “the structure of the moral action”. This means the analysis of the presuppositions of the question “what must I do?”, by which people or groups relate to a situation and to the way in which it is interpreted from the perspective of the purposes set. Examining this theme, P. Balahur (2004, p.304) considers that the moral situation has determinations of a personal, action, behavioral, normative, of value or significant type in what regards the evaluation of the action. Among the situational factors which influence the ethical behavior, we will mention: the organization, the organizational environment, the politics and the culture of the organization, the system of formal and informal relationships, the environment in which the organization operates, the system of government regulation, the array of norms and values shared by the members of the organization, commercial practices, the system of legal stipulations and others.

According to the characteristics of the moral situation, the author mentioned above identifies the following functions of the moral action (cf. Balahur, 2004, p.305): of solving the given situation; of expressing personal behavior in a given situation; of producing a moral fact (behavior, moral appreciation, attitude etc.); of relating to the agent’s choices to a given framework of value; of communicating, where the “others” understand the moral meanings of the actions. The fundamental idea is the fact that the moral act is determined both by the activity where it is integrated and especially by the means of solving the problems which emerge in the practices of business relationships (moral integrity, promoting truth, keeping promises, responsibility in assuming risks, respecting contractual rights and obligations, good intentions in transactions and negotiations, mutual advantage etc.).

To conclude, one must add that business ethics cannot resume solely to the discussion of moral values, but also to the promotion of activities which may be used as models of conduct meant to help people

in approaching moral problems in a moral systematic way and by using adequate instruments.

Conclusions

As I have mentioned from the very beginning of this paper, business ethics is confronted with numerous perspectives and approaches which make the formation of a unanimously accepted definition difficult. Secondly, business ethics is a research field in an incipient stage. For this reason, the theoretical concepts, the organizing principles and the social practices always bring new data which must be analyzed by theoreticians and practitioners. Thirdly, the issue we have discussed can only acquire theoretical consistency by means of an interdisciplinary approach, where there must be a permanent flux between the theoretical and practical levels. In the fourth place, we witness the need for a methodology which may research the aspects which represent the object of ethics, as well as to make a distinction between “what is” and “what should be” business conduct. All of these are reasons why the ethical dimensions of business relationships should be integrated in the training programs of the students, as well as certain moral judgments regarding the different types of actions and their consequences upon individuals, organizations and the society as a whole.

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