

Is Business Ethics an Oxymoron?

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I have taught business ethics for ten years, and I would be rich woman today if I had a dollar for every person who has said to me, "Business ethics. Isn't that a contradiction in terms?" Sometimes businesspeople make this comment. More often, though, the skeptics are people outside of business. Those who actually work in business know that business ethics is a serious issue for a number of reasons.

Businesses obviously care about the ethics of their managers and employees. Managers who embezzle large sums of money can destroy a firm. Sexual harassment by employees may lead to multi-million dollar legal settlements. A firm may be hit by substantial fines if employees lie to customers, misrepresenting the features or risks of products. Firms may want to maximize profits but they certainly do not want employees who try to line their pockets by whatever means possible.

Firms equally care about the ethics of their customers. Retail stores suffer huge losses each year due to shoplifters. Unscrupulous customers buy pieces of clothing, wear them and then return them, thereby depriving stores of deserved revenue. When customers are very abusive, firms may find it difficult to retain employees willing to serve the public.

In more general terms, businesses must care about ethics because businesses are part of a human community. Communities are held together by virtues and sound mores. As Aristotle puts it, a person without ethics is more of a wild beast than a human being. We all want to be treated with respect and care. We want to feel we can trust each other. Indeed, it is hard to envision how we could perform routine tasks, much less do business, without a modicum of trust and loyalty. Since we care about virtue, we hold our businesspeople, doctors, lawyers, tradespeople, and others responsible for their behavior. Criminal prosecutions of white-collar workers are increasingly common, a sure sign that, as members of society, we do not believe that business ethics is a silly contradiction in terms.

Businesses have a social contract with government. No business has an absolute right to exist. Governments allow businesses to incorporate and grant corporations certain incentives (e.g., limited liability of corporate officers) only because they believe and trust the corporations will provide genuine goods and services back to the community. The government is under no obligation to license arms dealers who traffic in stolen or forbidden weapons or other rogue enterprises. If a business incorporates, it is effectively pledging to strive to produce goods and services that will truly enrich the life of the community. Since ethics is the practice of knowing what actions are enriching and then doing these actions, anyone in business is tacitly bound by business ethics.

Businesspeople are implicitly bound by business ethics for a second reason. The market is in many cases not a very effective enforcer of ethics because the public may not know about a problem until many years have past. By then, substantial damage may have been done. The company that caused the harm may have gone out of business. Think, for example, of the case of toxic waste pollution. Employees working on the inside of a firm are in a better position to know what the firm is doing. This insider knowledge creates a special fiduciary obligation binding employees. They are, in effect, the public's trustees. Like a trustee, they are morally required to consider and to act to promote the best interest of the larger community, the trustor.

Of course, none of this is to deny that some businesspeople lie, cheat and act in other unscrupulous ways. But there are greedy doctors and ministers, too, and no one contends that medical or ministerial ethics are mere oxymorons. Doctors treat sick patients who are not functioning at their best. Ministers counsel bereaved and sometimes desperate people. As vulnerable clients, we rely upon professionals to treat us well. The same logic applies to businesses. As customers, we rely upon drug companies to test their products adequately and to disclose any adverse side effects. Restaurant patrons trust the owners and managers to properly prepare meat so that it is safe to eat. We may not ask the hostess whether the restaurant is managed ethically before we consent to be seated, but we certainly have an unspoken expectation that those running it are looking after our interest as well as their own.

For all of these reasons, then, business ethics is a deadly serious matter. So much so that we should perhaps quiz the cynics about their attitude. Claiming that business ethics is nothing but a joke is a form of spin doctoring. What motivates these folks to take such a stance? We are entitled to wonder whether the cynics are not attempting to rationalize their own behavior. If business ethics are a joke, then these cynics are free to do whatever they want and to escape accountability. In other words, their cynicism is itself an ethical matter and subject to ethical standards: Are they treating their fellow citizens with respect when they perpetrate this lie?

No doubt businesses do act in what they perceive to be their self-interest. Businesses are staffed and run by human beings, and we all pursue our self-interest. But being self-interested is not the same as being selfish. As we mature and arrive at a better understanding of what it means to be a contributing member of a healthy society, our concept of the self enlarges. We see our children and partners and friends and neighbors as other selves. Our happiness becomes linked with their happiness and satisfaction. This linkage no doubt explains why my commerce students always draw the line at some economic practices. Deep down, we like to think of ourselves as people of integrity. It is hard to tell ourselves that we have behaved with integrity if those around us are accusing us of double-dealing, lying, fraud, or abuse. Business students always say they want to maximize profits, but I have never had a student who has been willing to publicly say that he or she desires to be CEO of Child Pornography, Inc. Even if this multi-million dollar underground industry were legalized, the students still refuse to participate in it. Why? As one student put it, "I could not live with myself if I were to engage in such a practice. Our children are our most precious resource. To destroy them would be to destroy the entire community. I am part of that community, too. And I have no interest in destroying myself or in being perceived as such a destroyer."

Doing business, either as an employee or customer or shareholder, is a pervasive and routine part of our daily lives. If business ethics were an oxymoron, then we would have to give up on all societal ethics. And no one is saying that ethical action is a contradiction in terms.