

The Importance of Business Ethics:

Ethics- definition- ethics can be defined in many different ways. Ethics can be classified as a belief system and the question to ask is, where do you draw the line? The definition of ethics from the American heritage dictionary is as follows: the study of general nature of morals and of specific moral choices; moral philosophy; and the rules or standards governing the conduct of the member of a profession.”

- *One difference between an ordinary decision and an ethical one lies in the point where the accepted rules no longer serve, and the decision maker is faced with the responsibility for weighing values and reading a judgment in a situation which is not the same as before.

Ethical standards are declining due to:

- Harassment
- Abusive behavior
- Accounting fraud
- Bribery
- Defective products

*Many companies such as Enron, Worldcomm, and HealthSouth have run into ethical dilemmas regarding their employees and stakeholders.

*The book also points out that being a good person and having own personal ethics may not be sufficient to enable a person to handle ethical issues that arise in a business.

* It is important to recognize the relationships between legal and ethical issues

* Values learned from school, religion, family may not provide the right framework for a person to make ethical decisions in the business environment.

Development of Business Ethics: A History

- Before 1960-
 - the US questioned capitalism
 - in the 1920's the “living wage” was introduced to get income sufficient for families to have education, recreation, and health and retirement
 - in the 30's Roosevelt had the New Deal, the businesses and government worked together to raise the income of families
 - in the 50's came problems of civil rights and environmental factors
- 1960's-
 - Consumerism arose boosting the economy
 - social conscience was brought about
 - decay of cities due to pollution and toxic waste was introduced
- 1970's-
 - social responsibility
 - people began to teach about social responsibility
 - issues were being covered up rather than correcting

- 1980's-
 - Seminars, publications, consolidation and college courses are being offered to educate people about ethics
 - the Defense industry initiative on business ethics and conduct was developed to guide support for ethical conduct (DII)
 - self regulation rather than government regulation was also introduced
- 1990's-
 - Preventing misconduct was looked at more seriously
 - Federal sentencing guidelines for organizations (FSGO) organizational ethical compliance programs were based on new principles regarding misconduct.
- 2000- now
 - Sarbanes Oxley act- the biggest change in organizational control and accounting regulations since the securities and exchange. This made securities fraud penalties stiffer.
 - many companies are not fully embracing ethical standards
 - internet is also becoming a problem at this time with companies and putting information on the world wide web
- *Research shows that building an ethical reputation among employees, customers, and the general public provides benefits that include increased efficiency in daily operations and increased loyalty.
- Major concerns of Ethical issues in Business covered in this book:
 - stakeholders
 - social responsibility
 - understanding decision making process
 - moral philosophies
 - cognitive moral development
 - corporate culture
 - organization and relational conflicts
 - ethics programs and implementing them and auditing them
 - global
- Chapter one is an overview of what will be covered in the book and is a framework for discussions to come.