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Business Ethics: Some Theoretical Issues

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Abstract

Ethics can be defined as a process of evaluating actions according to moral principal of values. Throughout the centuries people were trying to choose between profit and moral. Perhaps, some of them obtain both, but every time it could have roused ethical issues. Those issues concern fairness, justice, rightness or wrongness; as a result it can only be resolved according to ethical standards.

Setting the ethical standards for the way of doing business in corporation is primarily task of management. Corporations have to maintain the same standards as an individual person and, in addition, corporations, as organizational units, have their own social responsibilities toward customers, employees and society. However, any business should keep its original purpose of functioning - making profit. Balancing the traditional standards of profitability and burden of social responsibilities is not an easy task. In recent years it has been a trend of setting standards of corporate ethics according to high degree of morale.

The central inquiry in this paper is to determine what difference it makes if businesses in a community act ethically or ignore ethics. Since business is the subject, our inquiry centers on money – a value highly appreciated in the U.S., as well as in varying degrees in other countries; ethics is often ignored when faced with the possibility of earning or acquiring large sums of money.

The purpose of this paper is to examine ethics and the various ethical problems which business faces in the hope of increasing our understanding. To the extent knowledge is increased, if it appears that more ethical conduct is desirable, we will consider ways to develop more ethical conduct in business.

Key words: Business ethics, profit, moral values, social responsibility, ethical issues, ethical standards, fairness, justice, rightness, wrongness

Jel code: M1, M10, M14, Q50

1. Introduction

I will begin with a primary emphasis on business ethics as it relates to human rights, fairness, and justice.

Senior officers such as the principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions (“*Senior Officers*”) hold an important and elevated role in corporate governance. They are vested with both the responsibility and authority to protect, balance, and preserve the interests of all of the Company’s stakeholders, including stockholders, clients, employees, suppliers, and citizens of the communities in which business is conducted. Senior Officers fulfill this responsibility by prescribing and enforcing the policies and procedures employed in the operation of the Company’s financial organization, and by demonstrating Honest and Ethical Conduct, Financial Records and periodic reports, Compliance with applicable laws, rules and regulations, Accountability for adherence to the code.

Why the fascination that prompts me to write about Business Ethics? I am sure that some of the reasons stem from realizations such as the following:

- I have wanted to have a better understanding of the field that I had been practicing in.
- As a Chief Executive Officer, I found that matters of fairness and equity are central to business ethics.
- The business ethics in the organization requires the utilization of knowledge from many disciplines, including social and counseling psychology, employment law, management theory, medicine, philosophy, statistics and more.

These are some of the dimensions that fascinate me and that inspired me to write this working paper.

Ethics is not an exact science. People define ethics in accordance with their own set of values which differ depending on time, place and culture. To attempt to find an ethical solution to a problem, one must make a careful analysis of the facts including the cost of a particular solution and, if the problem is complex, study the technical aspects with an expert in the field concerned. In order to have a complete analysis and the best possible solution, it can often be helpful to apply knowledge from a number of different disciplines which are relevant.

The central inquiry in this paper is to determine what difference it makes if businesses in a community act ethically or ignore ethics. Since business is the subject, our inquiry centers on money – a value highly appreciated in the U.S., as well as in varying degrees in other countries; ethics is often ignored when faced with the possibility of earning or acquiring large sums of money.

The purpose of this paper is to examine ethics and the various ethical problems which business faces in the hope of increasing our understanding. To the extent knowledge is increased, if it appears that more ethical conduct is desirable, we will consider ways to develop more ethical conduct in business.

In the business world, ethics often are displaced by greed when there is a periodic frenzy of rising stock market prices. Inevitably, a steep downturn then inflicts losses on investors and on businesses with a concomitant reduction in the work force. An excessive competitive spirit tends to induce unethical business practices so the business world becomes a battlefield where the normal rules are flouted, skirted or simply disregarded.

The ensuing instability is bad for the economy and for the government. No one is better placed than oneself to take care of one's own needs and desires. Nevertheless, if self-seeking wreaks great harm to the general good in the process of bringing advantage to the individual, the imbalance must be redressed. It is not only painful but inefficient to live in a society where there are no ethics, law and order. Worse, if individuals or businesses become steeped in unethical practices, this trend generally engulfs the political world as well. At this point, the quality of democracy languishes and the citizens lose faith in their institutions and their elected officials¹.

2. Business ethics – General Overview

Ethics can be defined as a process of evaluating actions according to moral principal of values. Throughout the centuries people were trying to choose between profit and moral. Perhaps, some of them obtain both, but every time it could have roused ethical issues. Those issues concern fairness, justice, rightness or wrongness; as a result it can only be resolved according to ethical standards.

Setting the ethical standards for the way of doing business in corporation is primarily task of management. Corporations have to maintain the same standards as an individual person and, in addition, corporations, as organizational units, have their own social responsibilities toward customers, employees and society. However, any

¹ This seems to be happening in a number of developed countries. See Mitchel J. Sandel (1996) *Democracy Discontent*, page 3, footnote 1, in which he cites a poll in 1994 in the United States in which only 20% of the Americans believe they can trust the government in Washington to do the right thing most of the time and in 1992, three-quarters said they were dissatisfied with the way the political process is working. According to Sandel, this discontent with democracy is a longer term problem of lack of proper political philosophy.

business should keep its original purpose of functioning - making profit. Balancing the traditional standards of profitability and burden of social responsibilities is not an easy task. In recent years it has been a trend of setting standards of corporate ethics according to high degree of morale.

As employees we can use every opportunity available in our workplace to inform and educate co-workers, administrators, and others about professional ethics. Ask employers how they foster ethically responsible professional practice. As employees, we can use the Code of Ethics proactively. For example, how do we evaluate and document the effectiveness of our services? Documentation is an important tool for accumulating the data to use as a rationale for continuation or termination of service, or increasing or decreasing the frequency and intensity of service. Our reports, representing our independent judgment, may be submitted to a team and to the client. How do we ensure and document our own competence in evaluating and treating clients, including our acquisition of new knowledge and skills that might be necessary for client care? Knowing our Code of Ethics, anticipating ethical predicaments, and being able to document and provide a rationale for our actions are keys to successful, ethical practice.

Employee values behavior play a very important role in enhancing employee work motivation and performance. Employee work values behavior can carefully be adjusted to produce a strong impact on employee work motivation. It would, therefore, be interesting to examine the precise nature of their roles in influencing the intrinsic versus extrinsic motivation of employees.

Individuals vary in their value systems. For example, achievement is a concern for the advancement of one's career while concern for others may reflect caring, compassionate. Supervisory behavior may vary considerably in the same job situation. Behaviors such as encouraging other employees or helping others work on difficult tasks. A supervisory behavior may adopt democratic orientation or punishment when interacting with employees and thus may affect the work behavior.

Values are important because they affect how individuals behave on their jobs in terms of what is wrong or right. Some basic values, which are expected to affect the attitude and work motivation of an employee, would logically include:

1. Family: The extent to which the job offers family well-being to the employees
2. Recreation: The extent to which the job offers recreational facilities to the employees
3. A sense of accomplishment: The degree to which the person feels the job gives the person a sense of accomplishment after the job is done.
4. Advancing at the company: The degree to which the person feels the job will create opportunities for advancement
5. Financial security: The extent to which the job offers financial security to person.

6. **Integrity:** The extent to which the job provides information accurately and emphasizes impartiality and recognizes different points of view.

From my point of view I would mention the following factors which have an important role on improving values of the employees:

- 1. Work Satisfaction:** The extent to which an employee is satisfied with work, including opportunities for creativity and task variety, allowing an individual to increase his or her knowledge, changes in responsibility, amount of work, security, and job enrichment.
- 2. Pay Satisfaction:** The extent to which an employee forms an attitude toward pay based on perceived difference between actual pay and the expected pay. Expected pay is based on the value of perceived inputs and outputs of the job and the pay of other employees holding similar jobs or possessing similar qualifications.
- 3. Supervision Satisfaction:** The extent to which an employee is satisfied with his or supervision, as measured by consideration and employee-centered actions of the supervisor and the perceived competency of the supervisor by the subordinate.
- 4. Satisfaction with promotions:** The degree to which an employee is satisfied with the Company's promotion policy, including frequency of promotions, and the desirability of promotions.
- 5. Co-workers' Satisfaction:** The work-related interaction and the mutual liking or admiration of fellow employees.
- 6. Overall Job Satisfaction:** The extents to which an individual's desires, expectations and needs are fulfilled by employment.

People's values are influenced by business and the company. During the working day, the expectations and behavior of supervisors influence the behavior of employees. The ability to manage value is an essential part of developing sound corporate and business strategies— strategies that create value for shareholders and maintain an advantage in the market for corporate control. Managing value is not a mysterious process. Valuation techniques and approaches can be complex in their details, but are relatively straightforward in their objectives and applications.

Managing value consists of three broad steps: *taking stock* of the value-creation situation within the company and identifying restructuring opportunities; *acting* on those opportunities, which usually involves major transactions such as divestitures and acquisitions as well as reorganization of the company, and *instilling* a value-creation philosophy in the company.

Business ethics is a form of the art of applied ethics that examines ethical rules and principles within a commercial context, the various moral or ethical problems that can

arise in a business setting and any special duties or obligations that apply to persons who are engaged in commerce.

In the increasingly conscience-focused marketplaces of the 21st century, the demand for more ethical business processes and actions (known as ethicism) is increasing. Simultaneously, pressure is applied on industry to improve business ethics through new public initiatives and laws (e.g. higher UK road tax for higher-emission vehicles).

Business ethics can be both a normative and a descriptive discipline. As a corporate practice and a career specialization, the field is primarily normative. In academia descriptive approaches are also taken. The range and quantity of business ethical issues reflects the degree to which business is perceived to be at odds with non-economic social values.

Historically, interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major corporations and within academia. For example, today most major corporate websites lay emphasis on commitment to promoting non-economic social values under a variety of headings (e.g. ethics codes, social responsibility charters). In some cases, corporations have redefined their core values in the light of business ethical considerations (e.g. BP's "beyond petroleum" environmental tilt).

3. Overview of issues in business ethics

3.1. General business ethics

- This part of business ethics overlaps with the philosophy of business, one of the aims of which is to determine the fundamental purposes of a company. If a company's main purpose is to maximize the returns to its shareholders, then it could be seen as unethical for a company to consider the interests and rights of anyone else.
- Corporate social responsibility or CSR: an umbrella term under which the ethical rights and duties existing between companies and society is debated.
- Issues regarding the moral rights and duties between a company and its shareholders: fiduciary responsibility, stakeholder concept v. shareholder concept.
- Ethical issues concerning relations between different companies: e.g. hostile take-overs, industrial espionage.
- Leadership issues: corporate governance.
- Political contributions made by corporations.
- Law reform, such as the ethical debate over introducing a crime of corporate manslaughter.
- The misuse of corporate ethics policies as marketing instruments.

3.2. Professional ethics

- Professional ethics covers the myriad of practical ethical problems and phenomena which arise out of specific functional areas of companies or in relation to recognized business professions.

3.3. Ethics of accounting information

- Creative accounting, earnings management, misleading financial analysis.
- Insider trading, securities fraud, bucket shop, forex scams: concerns (criminal) manipulation of the financial markets.
- Executive compensation: concerns excessive payments made to corporate CEO's.
- Bribery, kickbacks, and facilitation payments: while these may be in the (short-term) interests of the company and its shareholders, these practices may be anti-competitive or offend against the values of society.

3.4. Ethics of human resource management

- The ethics of human resource management (HRM) covers those ethical issues arising around the employer-employee relationship, such as the rights and duties owed between employer and employee.
- Discrimination issues include discrimination on the bases of age (ageism), gender, race, religion, disabilities, weight and attractiveness. See also: affirmative action, sexual harassment.
- Issues surrounding the representation of employees and the democratization of the workplace: union busting, strike breaking.
- Issues affecting the privacy of the employee: workplace surveillance, drug testing.
- Issues affecting the privacy of the *employer*: whistle-blowing.
- Issues relating to the fairness of the employment contract and the balance of power between employer and employee: slavery, indentured servitude, employment law.
- Occupational safety and health.

3.5. Ethics of sales and marketing

Marketing which goes beyond the mere provision of information about (and access to) a product may seek to manipulate our values and behavior. To some extent society

regards this as acceptable, but where is the ethical line to be drawn? Marketing ethics overlaps strongly with media ethics, because marketing makes heavy use of media. However, media ethics is a much larger topic and extends outside business ethics.

- Pricing: price fixing, price discrimination, price skimming.
- Anti-competitive practices: these include but go beyond pricing tactics to cover issues such as manipulation of loyalty and supply chains. See: anti-competitive practices, antitrust law.
- Specific marketing strategies: green wash, bait and switch, shill, viral marketing, spam (electronic), pyramid scheme, planned obsolescence.
- Content of advertisements: attack ads, subliminal messages, sex in advertising, products regarded as immoral or harmful
- Children and marketing: marketing in schools.
- Black markets, grey markets.

3.6. Ethics of production

This area of business ethics deals with the duties of a company to ensure that products and production processes do not cause harm. Some of the more acute dilemmas in this area arise out of the fact that there is usually a degree of danger in any product or production process and it is difficult to define a degree of permissibility, or the degree of permissibility may depend on the changing state of preventative technologies or changing social perceptions of acceptable risk.

- Defective, addictive and inherently dangerous products and services (e.g. tobacco, alcohol, weapons, motor vehicles, chemical manufacturing, bungee jumping).
- Ethical relations between the company and the environment: pollution, environmental ethics, carbon emissions trading
- Ethical problems arising out of new technologies: genetically modified food, mobile phone radiation and health.
- Product testing ethics: animal rights and animal testing, use of economically disadvantaged groups (such as students) as test objects.

3.7. Ethics of intellectual property, knowledge and skills

Knowledge and skills are valuable but not easily "ownable" objects. Nor is it obvious that has the greater rights to an idea: the company who trained the employee or the employee themselves? The country in which the plant grew or the company which discovered and developed the plant's medicinal potential? As a result, attempts to assert ownership and ethical disputes over ownership arise.

- Patent infringement, copyright infringement, trademark infringement.

- Misuse of the intellectual property systems to stifle competition: patent misuse, copyright misuse, patent troll, submarine patent.
- Even the notion of intellectual property itself has been criticized on ethical grounds: see intellectual property.
- Employee raiding: the practice of attracting key employees away from a competitor to take unfair advantage of the knowledge or skills they may possess.
- The practice of employing all the most talented people in a specific field, regardless of need, in order to prevent any competitors employing them.
- Bio prospecting (ethical) and bio piracy (unethical).
- Business intelligence and industrial espionage.

3.8. International business ethics and ethics of economic systems

The issues here are grouped together because they involve a much wider, global view on business ethical matters.

3.9. International business ethics

While business ethics emerged as a field in the 1970s, international business ethics did not emerge until the late 1990s, looking back on the international developments of that decade. Many new practical issues arose out of the international context of business. Theoretical issues such as cultural relativity of ethical values receive more emphasis in this field. Other, older issues can be grouped here as well. Issues and subfields include:

- The search for universal values as a basis for international commercial behavior.
- Comparison of business ethical traditions in different countries.
- Comparison of business ethical traditions from various religious perspectives.
- Ethical issues arising out of international business transactions; e.g. bio prospecting and bio piracy in the pharmaceutical industry; the fair trade movement; transfer pricing.
- Issues such as globalization and cultural imperialism.
- Varying global standards - e.g. the use of child labor.
- The way in which multinationals take advantage of international differences, such as outsourcing production (e.g. clothes) and services (e.g. call centers) to low-wage countries.
- The permissibility of international commerce with pariah states.

3.10. Ethics of economic systems

This vaguely defined area, perhaps not part of but only related to business ethics, is where business ethicists venture into the fields of political economy and political philosophy, focusing on the rights and wrongs of various systems for the distribution of economic benefits. The work of John Rawls (1921-2002) is a notable contribution.

4. Theoretical issues in business ethics

4.1. Conflicting interests

Business ethics can be examined from various perspectives, including the perspective of the employee, the commercial enterprise, and society as a whole. Very often, situations arise in which there is conflict between one and more of the parties, such that serving the interest of one party is a detriment to the other(s). For example, a particular outcome might be good for the employee, whereas, it would be bad for the company, society, or vice versa. Some ethicists (e.g., Henry Sidgwick) see the principal role of ethics as the harmonization and reconciliation of conflicting interests.

4.2. Ethical issues and approaches

Philosophers and others disagree about the purpose of a business in society. For example, some suggest that the principal purpose of a business is to maximize returns to its owners, or in the case of a publicly-traded concern, its shareholders. Thus, under this view, only those activities that increase profitability and shareholder value should be encouraged. Some believe that the only companies that are likely to survive in a competitive marketplace are those that place profit maximization above everything else. However, some point out that self interest would still require a business to obey the law and adhere to basic moral rules, because the consequences of failing to do so could be very costly in fines, loss of licensure, or company reputation. The economist Milton Friedman was a leading proponent of this view.

Other theorists contend that a business has moral duties that extend well beyond serving the interests of its owners or stockholders, and that these duties consist of more than simply obeying the law. They believe a business has moral responsibilities to so-called stakeholders, people who have an interest in the conduct of the business, which might include employees, customers, vendors, the local community, or even society as a whole. They would say that stakeholders have certain rights with regard to how the business operates, and some would even suggest that this even includes rights of governance.

Some theorists have adapted social contract theory to business, whereby companies become quasi-democratic associations, and employees and other stakeholders are given voice over a company's operations. This approach has become especially popular subsequent to the revival of contract theory in political philosophy, which is largely due to John Rawls' *A Theory of Justice*, and the advent of the consensus-oriented approach to solving business problems, an aspect of the "quality movement" that emerged in the 1980s. Professors Thomas Donaldson and Thomas Dunfee proposed a version of contract theory for business, which they call Integrative Social Contracts Theory. They posit that conflicting interests are best resolved by formulating a "fair agreement" between the parties, using a combination of i) macro-principles that all rational people would agree upon as universal principles, and, ii) micro-principles formulated by actual agreements among the interested parties. Critics say the proponents of contract theories miss a central point, namely, that a business is someone's property and not a mini-state or a means of distributing social justice.

Ethical issues can arise when companies must comply with multiple and sometimes conflicting legal or cultural standards, as in the case of multinational companies that operate in countries with varying practices. The question arises, for example, ought a company to obey the laws of its home country, or should it follow the less stringent laws of the developing country in which it does business? To illustrate, United States law forbids companies from paying bribes either domestically or overseas; however, in other parts of the world, bribery is a customary, accepted way of doing business. Similar problems can occur with regard to child labor, employee safety, work hours, wages, discrimination, and environmental protection laws.

It is sometimes claimed that a Gresham's law of ethics applies in which bad ethical practices drive out good ethical practices. It is claimed that in a competitive business environment, those companies that survive are the ones that recognize that their only role is to maximize profits. On this view, the competitive system fosters a downward ethical spiral.

5. Business ethics in the field

5.1. Corporate ethics policies

As part of more comprehensive compliance and ethics programs, many companies have formulated internal policies pertaining to the ethical conduct of employees. These policies can be simple exhortations in broad, highly-generalized language (typically called a corporate ethics statement), or they can be more detailed policies, containing specific behavioral requirements (typically called corporate ethics codes). They are generally meant to identify the company's expectations of workers and to offer guidance on handling some of the more common ethical problems that might arise in the course of doing business. It is hoped that having such a policy will lead to

greater ethical awareness, consistency in application, and the avoidance of ethical disasters.

An increasing number of companies also require employees to attend seminars regarding business conduct, which often include discussion of the company's policies, specific case studies, and legal requirements. Some companies even require their employees to sign agreements stating that they will abide by the company's rules of conduct.

Many companies are assessing the environmental factors that can lead employees to engage in unethical conduct. Not everyone supports corporate policies that govern ethical conduct. Some claim that ethical problems are better dealt with by depending upon employees to use their own judgment. Others believe that corporate ethics policies are primarily rooted in utilitarian concerns, and that they are mainly to limit the company's legal liability, or to curry public favor by giving the appearance of being a good corporate citizen. Ideally, the company will avoid a lawsuit because its employees will follow the rules. Should a lawsuit occur, the company can claim that the problem would not have arisen if the employee had only followed the code properly?

Sometimes there is disconnection between the company's code of ethics and the company's actual practices. Thus, whether or not such conduct is explicitly sanctioned by management, at worst, this makes the policy duplicitous, and, at best, it is merely a marketing tool.

To be successful, most ethicists would suggest that an ethics policy should be:

- Given the unequivocal support of top management, by both word and example.
- Explained in writing and orally, with periodic reinforcement.
- Doable....something employees can both understand and perform.
- Monitored by top management, with routine inspections for compliance and improvement.
- Backed up by clearly stated consequences in the case of disobedience.
- Remain neutral and nonsexist.

5.2. Ethics officers

Ethics officers (sometimes called "compliance" or "business conduct officers") have been appointed formally by organizations since the mid-1980s. One of the catalysts for the creation of this new role was a series of fraud, corruption and abuse scandals that afflicted the U.S. defense industry at that time. This led to the creation of the Defense Industry Initiative (DII), a pan-industry initiative to promote and ensure ethical business practices. The DII set an early benchmark for ethics management in corporations. In 1991, the Ethics & Compliance Officer Association (ECO) --

originally the Ethics Officer Association (EOA) -- was founded at the Center for Business Ethics (at Bentley College, Waltham, MA) as a professional association for those responsible for managing organizations' efforts to achieve ethical best practices. The membership grew rapidly (the ECOA now has over 1,100 members) and was soon established as an independent organization.

Another critical factor in the decisions of companies to appoint ethics/compliance officers was the passing of the Federal Sentencing Guidelines for Organizations in 1991, which set standards that organizations (large or small, commercial and non-commercial) had to follow to obtain a reduction in sentence if they should be convicted of a federal offense. Although intended to assist judges with sentencing, the influence in helping to establish best practices has been far-reaching.

In the wake of numerous corporate scandals between 2001-04 (affecting large corporations like Enron, WorldCom and Tyco), even small and medium-sized companies have begun to appoint ethics officers. They often report to the Chief Executive Officer and are responsible for assessing the ethical implications of the company's activities, making recommendations regarding the company's ethical policies, and disseminating information to employees. They are particularly interested in uncovering or preventing unethical and illegal actions. This trend is partly due to the Sarbanes-Oxley Act in the United States, which was enacted in reaction to the above scandals. A related trend is the introduction of risk assessment officers that monitor how shareholders' investments might be affected by the company's decisions.

The effectiveness of ethics officers in the marketplace is not clear. If the appointment is made primarily as a reaction to legislative requirements, one might expect the efficacy to be minimal, at least, over the short term. In part, this is because ethical business practices result from a corporate culture that consistently places value on ethical behavior, a culture and climate that usually emanates from the top of the organization. The mere establishment of a position to oversee ethics will most likely be insufficient to inculcate ethical behavior: a more systemic programme with consistent support from general management will be necessary.

The foundation for ethical behavior goes well beyond corporate culture and the policies of any given company, for it also depends greatly upon an individual's early moral training, the other institutions that affect an individual, the competitive business environment the company is in and, indeed, society as a whole.

6. Religious views on business ethics

The historical and global importance of religious views on business ethics is sometimes underestimated in standard introductions to business ethics. Particularly in Asia and the Middle East, religious and cultural perspectives have a strong influence on the conduct of business and the creation of business values.

Examples include:

- Islamic banking, associated with the avoidance of charging interest on loans.
- Traditional Confucian disapproval of the profit-seeking motive.

7. Related disciplines

Business ethics should be distinguished from the philosophy of business, the branch of philosophy that deals with the philosophical, political, and ethical underpinnings of business and economics. Business ethics operates on the premise, for example, that the ethical operation of a private business is possible -- those who dispute that premise, such as libertarian socialists, (who contend that "business ethics" is an oxymoron) do so by definition outside of the domain of business ethics proper.

The philosophy of business also deals with questions such as what, if any, are the social responsibilities of a business; business management theory; theories of individualism vs. collectivism; free will among participants in the marketplace; the role of self interest; invisible hand theories; the requirements of social justice; and natural rights, especially property rights, in relation to the business enterprise.

Business ethics is also related to political economy, which is economic analysis from political and historical perspectives. Political economy deals with the distributive consequences of economic actions. It asks who gains and who loses from economic activity, and is the resultant distribution fair or just, which are central ethical issues.

Conclusion

1. Ethics is a process of evaluating actions according to moral principal of values. Throughout the centuries people were trying to choose between profit and moral.
2. Some of them obtain both, but every time it could have roused ethical issues. Those issues concern fairness, justice, rightness or wrongness; as a result it can only be resolved according to ethical standards.
3. Setting the ethical standards for the way of doing business in corporation is primarily task of management. Corporations have to maintain the same standards as an individual person and, in addition, corporations, as organizational units, have their own social responsibilities toward customers, employees and society.
4. However, any business should keep its original purpose of functioning - making profit. Balancing the traditional standards of profitability and burden of social responsibilities is not an easy task.

5. In recent years it has been a trend of setting standards of corporate ethics according to high degree of morale.
6. As part of more comprehensive compliance and ethics programs, many companies have formulated internal policies pertaining to the ethical conduct of employees. These policies can be simple exhortations in broad, highly-generalized language (typically called a corporate ethics statement), or they can be more detailed policies, containing specific behavioral requirements (typically called corporate ethics codes).
7. In this paper we have made attempt to determine what difference it makes if businesses in a community act ethically or ignore ethics. Since business is the subject, our inquiry centers on money – a value highly appreciated in the U.S., as well as in varying degrees in other countries; ethics is often ignored when faced with the possibility of earning or acquiring large sums of money.
8. We examine ethics and the various ethical problems which business faces in the hope of increasing our understanding. To the extent knowledge is increased, if it appears that more ethical conduct is desirable, we will consider ways to develop more ethical conduct in business.

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