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Business Ethics

Kevin L. Rawls
Liberty University, klrawls@liberty.edu

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The topic of business ethics has received considerable attention in recent years, primarily due to the highly publicized scandals of companies such as WorldCom, Tyco, and Enron (Ackman). The newspapers and talk shows have spent hours debating whether or not these issues are isolated or whether they are symptomatic of a business culture that has no value for society and only seeks to take as much as possible with no concern for the greater good of the nation. Society has denounced these executives as unjust, unfair, and unethical. The words *justice*, *fairness*, and *ethics* are terms of morality. This junction of business and morality provides an opportunity to discuss business ethics as an apologetic of the Christian faith.

Current educational theories attempt to instill morality into future executives. Many of the traditional educational models have revolved around an organization-centered approach to business education (Giacalone and Thompson, 267). This approach could best be described as a method of teaching students that they should make decisions based on what is best for the company. The logic here is that if every manager makes decisions based on which outcomes will work the best for the company--and all companies have this mindset--the good decisions will bring about desirable outcomes and benefit the healthier companies, and the bad decisions will weed out the weaker companies. Societies benefit from the growth of healthy companies and the recession of weak companies. Recently there has been a proposed shift in academic circles to move away from an organization-centered approach to a more human-centered standard (Giacalone and Thompson, 270). The hope is that by changing the educational focus from the organization to the society outside the organization, the managers will make decisions that directly benefit society instead of making decisions that focus on the business and thus benefit society indirectly.

The root question left unanswered by these approaches is "Why?" Why should a manager care about anything other than utilizing the power of his or her position to further his or her own pursuit of wealth? We cannot begin to discuss what is and is not ethical behavior, and what our justification is for why we would have these business leaders adhere to this behavior, until we determine the morals behind these ethical considerations.

Ethical behavior, business or otherwise, is based on the idea of a "should"--an appeal to a standard. We *should* do this, and we *should not* do that (Moreland and Craig, 408). It is also important that this standard of morality be an absolute and fixed standard. It must be true for all people, regardless of temporal and geographic location. If the standard is not fixed, it is subject to change and is therefore relative; you cannot tell when someone has crossed the line if the line is constantly moving. The only way that a standard can be truly objective is if it is established outside of the time and space of each person. This concept provides a compelling case for the existence of God and of God's unchanging moral law.

There are worldviews that propose an absolute standard based on an outside objective authority or God. However, it is interesting to note how many of the ideals we strive for in a free-market system are based on principles found in the Bible. For example, the free-market system is based on two very important principles: the right to own property, and the freedom to make individual choices. The Bible advocates the right to property in the Eighth Commandment, which prohibits theft (Exodus 20:15). Theft is defined as the taking of property that someone else owns. The principle of individual choice and the desire to make good choices can be found in Joshua 24:15 which states, "If it is disagreeable in your sight to serve the LORD, *choose* for yourselves today whom you will serve: whether the gods which your fathers served which were beyond the River, or the gods of the Amorites in whose land you are living; but as for me and my

house, we will serve the LORD." Deuteronomy 30:19b also addresses wise decisions: "So *choose* life in order that you may live, you and your descendants." (Emphasis added.) In addition to these two foundational principles, we can also find examples where the Bible advocates a strong work ethic. Proverbs 10:4 states, "Poor is he who works with a negligent hand, but the hand of the diligent makes rich." Proverbs 12:11 reads, "He who tills his land will have plenty of bread, but he who pursues worthless things lacks sense." The value of savings is also praised in scripture: "He who gathers in summer is a son who acts wisely, but he who sleeps in harvest is a son who acts shamefully" (Proverbs 10:5). Proverbs 6:8 uses an ant to describe how we are to work when it states that she "prepares her food in the summer and gathers her provision in the harvest." The Bible also discusses the dangers that come with greed. 1Timothy 6:10 warns that "the love of money is a root of all sorts of evil, and some by longing for it have wandered away from the faith and pierced themselves with many griefs." All of these verses can be useful as an apologetic for the correlation between Biblical values and ethical business decisions. I will not argue the superiority of the Biblical worldview versus the alternatives, as it is discussed in great depth throughout other sections of this book.

Having established that an absolute standard is necessary in any ethical system as a practical matter, it is beneficial to discuss how to effectively institute an ethical system within an organization.

There are three keys to implementing an ethically-focused culture in an organization. The first step, and the number one priority, is to make sure that the executive leadership is committed to the goal of establishing and maintaining the organizational morality. John C. Maxwell states it well when he says, "People don't at first follow worthy causes. They follow worthy leaders who promote worthwhile causes. People buy into the leader first, then the

leader's vision" (Maxwell, 145). Leadership provides both the vision for the goals and the examples of how to effectively accomplish those goals. If the leaders of an organization create standards for the employees but do not adhere to these standards themselves, the employees will begin to feel that the administration is only giving lip service to ethics. In that case it is better not to create the goals and standards at all. Recent surveys show that only 58% of employees thought their senior leaders were ethical (Verschoor, 19). Leadership is influence, and the influence must be directed toward a positive ethical culture in an organization. It is impossible for employees to adhere to a "Do as I say, not as I do" approach to ethical decision making. A proper understanding of the principle that every person is prone to selfish and self-serving behavior (Romans 3:23) will allow the administration to create a system of checks and balances for everyone within the organizations, where no one person is above the ethical standards set in place.

The second step when implementing an ethically-focused culture into an organization is to formalize the company policies and goals regarding ethical behavior. From the mission statement to the strategic plan, ethical behavior must be considered a high priority. Whether or not the administration fashions these policies directly or creates a special task force to codify the ethical standards, it is important that ethical processes be "institutionalized." A standardized system will help ensure that ethical considerations are a part of every company decision. For example, when a group is considering a particular initiative, such as the creation of a new product line, part of the approval process should address the potential ethical ramifications. Who benefits from this product? Whom does this product potentially harm? These questions should be answered with the company standards and goals in mind. If the product meets the financial goals and ethical criteria, it can move forward toward production.

To make it easier for employees to understand how to avoid ethical missteps, the policies must be clear and specific. Specific actions that are to be taken with an employee who violates these policies also helps ensure that disciplinary actions are seen as fair and just. When disciplinary actions are to be taken, the prescribed punishment must be instituted justly, regardless of the rank or position of the individual. If the employees see that the person with the highest sales volume gets a slap on the wrist while the person at the bottom of the sales chart is suspended, the other employees will perceive that ethical issues carry less weight than financial gains.

The third step is to focus on prevention. Questions regarding ethical perceptions should be part of the interview process for any new employees. By asking open-ended questions about ethical situations and how the individual would work through the decision-making process, the interviewer can obtain a good understanding of the standards and values of the potential employee. This method will help prevent the organization from bringing in employees who are not in line with the ethical standards of the company.

Prevention also includes creating processes that allow for employees to speak out about behavior they witness to be unethical. These employees are often called "Whistleblowers." These whistleblowers typically turn to the media or to other sources because they feel that they have no way to address what they see as unethical behavior in their company. Employees who see unethical behavior can be put in a difficult situation; if they stay silent the behavior will continue, but if they speak out and cause negative feelings among coworkers or supervisors, it might cost them their jobs. A business can help avoid this situation in a number of ways: establishing a position for an ombudsman, creating an independent panel, or instituting a toll-free number the employees can call and voice concerns anonymously. By providing employees

various avenues to bring unethical behavior to light, the company can accomplish two things. First, it will allow employees to feel that their concerns are valued. Second, it allows the company to address the problem before the behavior brings harm to the company.

In conclusion, it is futile to expect our business leaders to act ethically if the training of these leaders continues to appeal to a changing moral standard. The government will continue to expand laws and regulations in an effort to keep unethical behavior at bay; but laws do not change hearts, and the business leaders will continue to look for loopholes they can use to achieve their own selfish goals. However, if we can bring about a fundamental change in the way companies approach ethical decisions, there can be a renewed confidence in the ability of businesses to function morally.

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Additional Reading
The Victory of Reason- Rodney Start
Visioneering- Andy Stanley
Handbook of Christian Apologetics- Peter Kreeft & Ronald K. Tacelli
The Ethics of Management- LaRue Tone Hosmer
The 21 Irrefutable Laws of Leadership- John. C. Maxwell