

Business Ethics Revisited & Revisited & Revisited

by Phil Phillips, PhD
Contributing Editor
phillips@chemarkconsulting.net

As consultants, to be sustainable over the years, we must be perceived as totally unbiased and render our opinions without an eye for the “political” consequences of our advice. Consultants must, as the Boy Scouts motto says, also be trustworthy, honest and, above all, ethical in their total behavior with clients, no matter where they are located geographically.

Research indicates that the compliance and ethics programs of most companies today fall short of addressing multinationals’ basic responsibilities – such as developing their people or delivering high-quality products – let alone such troublesome issues as how to stay competitive in markets where rivals follow different rules.

Ethical issues and incidents in business have not decreased in the past five years. They have grown in both numbers as well as sophistication. Multinational companies have an opportunity to have high moral and ethical standards in every country/region they operate within, or they can choose to let the regions’ laxity or their lack of sophistication dictate the level of ethical behavior.

Two decades ago, Nash (1991) declared that the topic of business ethics and the need for managerial guidance on ethical decision-making would be ongoing. Despite continued efforts, managerial behavior reflecting unethical practices has actually become more frequent (Tepper, 2010).

There are many examples of so-called indignation, such as when BP’s oil rigs in the Gulf of Mexico lacked safeguards required on similar machinery in Norway and Brazil – even though the failed equipment in the

Gulf met U.S. legal requirements. Another example was the poor working conditions at Foxconn in China after some employees committed suicide, although the company’s factories were arguably no worse than thousands of others nearby. Then consider the Siemens, Lucent and DaimlerChrysler issues, when they got caught paying bribes and making various types of side payments that were common in the countries where the companies were operating. And, most recently, the Chinese military invasion of our cyberspace at a time when the US is buying Chinese goods at an all time peak rate.

These and other incidents show that conformance with local law and practice does not assure stakeholder or public approval of a corporation’s behavior.

Managers must be leaders and need to develop positive goals and an approach that is guided by global standards, but accompanied by informed systematic data, and anchored in a business background.

This unmet need is particularly heightened right now. Despite the extensive adoption of ethics programs by companies globally in recent decades, failures of corporate responsibility are too frequent and public trust in business remains alarmingly low. At the same time, expectations continue to mount. In 2011, the UK created a new anti-bribery law, and expanded the footprint under which companies – both domestic and foreign – can be prosecuted in the UK for corruption or for failure to prevent corruption by an associated person or entity, regardless of where the offending act took place.

Recent changes in international markets and networking technology have led to an explosion of corporations with global operations. The need for global guidance on ethical business practices has grown commensurately.

Today’s corporate cultures consist

of historical work values, the values and beliefs of multicultural members of the work team and the organizational visions for future success. Yet, ethics education and ethics training in multinational organizations continue to focus on regulations and enforcing compliance, rather than determining and engaging common values and beliefs.

1. Honesty: Telling the truth and doing what you feel is right.
2. Fairness: Being impartial and doing what is fair to all concerned.
3. Achievement: Getting things done and working hard to accomplish goals.
4. Concern for Others: Being concerned with other people and helping others.¹

While international business leaders recognize that defining and implementing corporate work values is a top priority and a vital influence on the ethical culture of the global organization, little has been done to make work values operative at a practical level. Clear corporate values to business is important.

Ethics cannot be delegated; they should be a natural action even at the top management levels. Unethical behavior within organizations cannot be tolerated. If allowed to grow unchecked, it will ruin the organization and negatively affect other organizations with which it has intercourse.

We want to hear from you about your concerns for our industry and its profitable growth. **CW**

References:

(1) Meglino, B. M., & Ravlin, E. C. (1998). *Individual values in organizations: Concepts, controversies, and research*. *Journal of Management*.