

BUSINESS ETHICS: MYTHS AND CURRENT APPROACHES

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ABSTRACT

This paper is basically a review paper and discusses business ethics in the context of myth and its current approaches. Most of business people think that business has nothing to do with ethics, but the business is there just to strive for more and more profit. The duties and responsibilities towards the society are not clear, so they are striving for much profit and ignoring the ethical standards. The current approaches in this regard elaborate that without considering the current environment, the flow of business, establishing good relationship and ignoring the ethical standards the business will lose its image and will not be able to survive.

Key Words: Business, ethics, myths.

INTRODUCTION

According to Hoffman and Moore (1982, pp. 299) "business ethics is disciplined normative reflection on the nature, meaning and context of business activity. As such it deals with comprehensive questions about justice of the economic context in which business operates and about the nature, function, structure and scope of business in that context, as well as with some specific issues raised by the relationship of business to government, the consumer, its employees and society at large."

Importance

Business ethics is young as compared to other fields due to the reason that it does not have any solid theoretical foundation and no general agreements as well. (Trevino and Weaver, 1994). Due to the lack of generational theory and literature there may be ambiguity in this field so first of all we need to make clear the importance of business ethics.

Businesses are there for the development of society so if the rules and regulation or good and wrong are ambiguous then how it would be possible for the society to be developed? The study of ethics is crucial in business as it declares that what is required by law and the businesses should be ethical in a sense that they earn profit for themselves and benefit the society in the long run. The businesses must be ethical because if the opposite is true, then every business would simply act selfishly and would never care for the welfare of society. Due to the negligence for the welfare of the society the businesses would forget about obligation to the society. The company which carries its business ethically their reputation will be in positive direction. (Hooker, 2003).

The company does this due to the reason of maximization of its profit but if the concern will not be the profit then will they be doing the same? It means that by

doing good the business is achieving its target and desired profit, and plays main role in the development of society.

Economist Milton Friedman has the view in the article "why business ethics" by Hooker, (2003 p. 2). that the maximization of profit is the responsibility and the reason for the existence of business but within the limits of law, rules and regulation and avoiding the misuse of authority.

But profit maximization is not the sole purpose of any business person but to practice their knowledge and ability to conduct the beneficial job. While considering the good for the society they pay attention towards the business's contribution. A good business manager considering the norms and values of the business will be in the race of positive competition. Some people are having the concept that there is no need to study ethics in business. It is your inner self that what do you feel regarding something but not the way you think. Business ethics encompasses the mechanism of right decision. (ibid)

If we want to be known to the real business world i.e. what is reality or what is really happening around in business world, we ought to get the details of wide spread myths of business, people form their behavior acquired in the outside market. This approach makes difference between business myth and true ethical nature. The first is related to superficial truth while the latter is about the covered business reality. (Geva, 2001).

Myths in business

Some myths of ethics

Business ethics

Most people discuss business ethics but they really do not realize its importance. Every walk of life is

being founded by ethics and is not changeable. The results may be differing but the main principle can never be. For example, to harm anyone is unethical. If this concept is followed by any individual in his personal and official life then he can be considered an ethical person.

Ethics is a matter of education

To be an ethical it is required to have clear sense of one's duties and responsibilities. It is considered that responsibilities a person is having can be cleared by education but the writer explains that just education is not enough for people who are really ethical in nature. For example by breaking any law, if an individual suffers the consequences, next time he will avoid the previous situation and will behave ethically.

Ethical dilemmas are possible

To be ethical or unethical is not continuous activity. It occurs occasionally. To solve difficult situations, occurring in one's life an individual or business life needs to have knowledge and facts. When the ethical satisfaction is not there in routine human interaction, the chances of recognition any ethical problem decreases and in the long run creates major problems. If a person is not good in handling minutes matters or cannot solve minor problem will not be able to be trusted in long run.

Either an ethical person or not

If a business wants itself to be called an ethical accepted business, must have to take actions which are ethically accepted. (Ketz, 2003).

Myth is something related to the norms and interests of the society. It is like the other side of culture which enables individuals and groups to give explanation of social experiences. This can be analyzed in two different contexts. (ibid).

A) Socio culture

Geva (2001) explains that myth ponders norms related to society which provides guidelines for modified behavior. Myth grows vigorously and gets prosperity or ebb due to cultural changes instead of learning the realities by individual. Both the empirical evidences and rational arguments can weak myth.

Geetz (1973) gives the detail in Geva, (2001 p.579) that the basic function of myth in the development of a person's beliefs and condition of actions. He further says that myth is external source of information with the help of which human life can be put on specific track and provide mechanism for perception and understanding.

B) Semiological

While considering myth as cultural phenomena it is required to study its symbolic nature. "A symbol or metaphor is defined by a stratification of meaning, in

which an incongruity of sense on one level precedes significance on another" (Geva 2001 p. 579). It is the ability of symbolic nature to present cultural and social reality and avoids the scientific language. Due to the complex interrelated meanings, it is having the ability to contain, to convey even more complicated meanings. "Business is a game" and "metaphor" is always wrong so it communicates a false assimilation in a suitable analogy and when it misses the desired results, it turns more costly. The analogy of meanings depends upon social connotations like business in considered as a family in Japan but in western countries where individualism is on top, it is not considered as family. (Geva, 2001).

According to Roland Barthes (1972) myth is a strange system which is founded by semiological which was earlier a myth itself.

It can be cleared by considering two phenomena code-naming and stereotyping. Geva (2001) says in this context that in code meaning the reality of anything is covered by another meaning for example giving any gift to anyone as bribery. In this context the bribery is left behind while in the stereotype concept it makes clear that the opposite is true. I will quote his words "myth does not hide or make pieces of reality disappear". (Geva, 2001 p.582). Binding the myth to reality is like relationship of reconstruction. He further explains that in mythical point of view the profit maximization by any business is not just a statement but it makes clear that the structure of business must be in such a way which can help to increase our profit.

Barthes (1972) says in this context that myth is something which can be defined by the purpose it is having rather than its literal sense.

DeGeorge (1995) elaborates that business myth and ethics are two different domains. They are different sphere of activities. Business ethics is something else from business myth. As their languages are differing so any manager taking any decision regarding anything related to the business which can maximize the profit, then he uses the language of business which is normally neutral.

Amoral business's myth is having two opposite shapes one is moral washing and the other is moral muteness. The former is related to normalization of wrong deed and the latter is about to cover the ethical manners. If there is any an unethical action or practice the manager tries to use different organizational language and different types of techniques to avoid the moral association of that unethical practice. Bureaucratic creativeness plays important role to glaze over the actions which are illegal. And this is done by the moral washing form which proper shape is given to elaborate its improper conduct. (Geva, 2001).

Bird and Waters (1989) describe that moral muteness is the reluctance by manager to narrate their legal

action in legal and moral limit and boundaries. This concept is further explained by Trevino and Nelson (1994) that some managers like to avoid the usage of "ethics" in communication which is done there in organization because often it is loaded negatively with emotions.

Inconsistency between speech and actions can be demonstrated both in moral washing and moral muteness, and give birth to endless modification of meanings. In moral washing the unethical activities and in moral muteness the ethical activities are covered. (ibid).

Down word thinking

According to Geva (2001) Business is something which goes just for profit and tries to maximize its profit but it has been observed just in myths. As profit is not the first priority but is exalted in all other interests.

Nash (1990) makes clear that myth provokes the manager to make choice between morality and profitability.

Solomon (1993) add to this concept that determination of quality is of the factor of carrying on the maximization of profit but in bottom line approach it is nothing but to gain on investment which is pure an economic term and has nothing to do with hard work. The profit is the fundamental nature of any business.

According to Geva (2001) by considering the profit as the sole goal of any business all other goals such as benefits for the society, economic development and goodwill go beyond the screen.

Solomon (1993) furthers explains in this area that the most dangerous thing in market is the motive of profit as it shows itself something else than reality. It means that it gives birth to some uncertain practices. Business having pursuing profit is having very narrow vision and deduce discarded conclusion. But he provides some ideal remedy to the model and says that rise to the highest point of profit is not the sole goal of business life.

Drucker (1974) adds his contribution to this concept that the managers who are having profit their first motive, very often complains the public hostility to profit.

Profitability is important for any business but it must not be the sole end of business activity and must be in a way to encourage productivity, giving some benefits to the society in form of development, providing employment and performing its role in improving of the life style of individuals.

Geva (2001) add to this context that the relation which ties the myth to reality is like alibi, as profit is presented the crucial purpose of business but at the same time it takes the consideration of free market which makes this relation rational and irrational at the same time.

Business is game

According to myth business must be taken as a game having defined rules and regulations like all other games. If one wins, he would have followed some strategies, and adopting the advancement in this field. (ibid).

John Ladd (1970) contributes that the language of game that there must be some rules regulation which will determine the activities within game like prescription, justification and evaluation. While playing any game it is taken wrong and unfair to challenge the rules of that game as sanctity is attached to it which in return is not liable to criticize the rule.

Geva (2001) add that anyone who wants to be in this game is having the knowledge about risk and uncertainty and the success as well that if it turned into failure, it will bear huge cost and on the succession it will burn more fruits.

Ladd (1970) gives his explanations that considering the business as a game it entails dual responsibility i.e. when an individual works in the office, having one type of responsibility rather than the responsibility of home, friend etc by the same individual.

This myth may be focus on its false premises as there may be third party which can be affected by this game, they pay for this game and are really not involved in it and may even ignore its existence.

Long and Snoeyenbos, (1992); Solomon (1993) suggest that all the participants may not be able to fully understand the complicated rules and regulation. In this some participants are not even known to their partners, which feeble the chance of honest play and creates problems by the strong party for the weaker party.

Business is jungle

Business world is competitive due to the reason of its survival but this competition is not fair all the time.

Solomon (1993) demonstrates his views in this regard that in tough competition for the reason of survival and enhancement of market share, unethical practices can be observed. Considering the business life as a cruel fight and the survival for existence provides the moral justification for acquiring the jungle's law in real market activities like "die or survive".

Cramton and Dees (1993); Frank, (1988); Maitland, (1997); Nash (1990); Solomon (1993) describe that while following the concept of die or survive the competitor decides to bluff in the game but he must keep in mind the short comings of his decision. He must consider that with this the image and goodwill of the company also be affected and problems may occur in future. In spite of strong competition among competitors there are some accepted rules and mutual trust. When the reputation is damaged then the business has to bear it in long run.

Barthes, (1972) says in Giva (2001 p.591) that the comparison between the myth and ethical approach of business refuses the avoiding confrontation of myth.

According to (Geva 2001) the business myth as a jungle deduces its persuasive power from beliefs, each presents some conditions.

- Free competition normally gives birth to jungle struggle. This belief gives morality to the jungle business by stating that one is dependent on other, while promoting free competition there must be the acceptance inescapable consequences.
- By considering the business as jungle struggle and warfare, it has arrogant nature. It prevents its extreme as the norms of the business. Due to this struggle for survival is turned to law of nature which then turns into the norms of business life. In the life for existence the survival blocks all moral duties.
- The struggle for survival control business activities. This concept reveals another mechanism which is related to one dimension i.e. one rule world. The one rule world reduces all other rules and questions and the need for explanation is useless.
- All the three above mentioned concepts encompass the ideas of business and jungle, prosperity and survival, unrestrained and free competition.

The owner

Geva (2001). Business leaders are like kings. Like all other kings the business leaders struggle for their survival and try to maximize their profit. They design the rules having the concept in mind that are not liable to those rules. They think that due to more responsibilities they are not bound to these rules but these rules are just for common people.

Druckers, (1993). elaborates that ethics for these people means the business leaders is just numerical of cost and its benefits.

According to Boatright, (1997); Post, (1999). One thing which is clear and noticeable regarding the myth related to business leaders is the high competition they get, neglecting their company's performance. There are some myths of emperors which are having dual system, like individual interest and company's interest. This concept can be strengthened with the followings.

- According to Kalman and Hamilton, (1989) some people have the disease to have more and more power. They handle and exercise their power in such a way which sometime goes against the moral principles which affects the human relationship in long run. So the lawbreaking or any act which is unethical, is precisely ordered, encouraged and at the end allow by legitimate authorities. This exercise, by allowing all genuine and lawful

authorities people show their willingness to forgive.

- Robert Jackal, (1988) explains in Geva (2001, p. 593) that in business worlds authority is divided into two sections, one is centralized and the other one is decentralized. More and more powers are concentrated at the top level and is cascaded gradually. If the organization gains any success or extra profit the credit is considered for the top management and if there is failure in any area of the business the low level management is considered to be responsible. This gives moral exemption to managers, and if any conflict and criticism arises the responsibilities go on the other's shoulders instead of top management.
- According to Geva (2001) the leader is a visionary person so if he plans any strategy or set long term policies the expectation increases in the sense of profit. This keeps the manager responsible to get to the desired goals. By doing so the manager is considered comfort from other moral duties.
- The last concept in this regard by Geva (2001) is the explanation of utilitarianism. Any action which gives more benefits people is good and moral act. The manager due to more responsibilities and at top position can understand the consequences and shades of the organization in a better way and to balance them. Most people are lacking the ability to have pretty enough information to make judgment, which is the most beneficial. But the managers who are having tacit knowledge, more responsibilities and authorities must consider the pros and consequences of all other parties.

At last when the ethics is exposed to criticism, for example the profit maximization is not supposed to be the sole objective of any business, it seems reality (the existence of business is for profit) and when it is related to observational test like many business managers take the utilitarianism concept, then the myth emerges with value (the obligation of any business is the enhancement of profit). This spherical relationship of facts establishes values and values settle facts and it leads no separation for moral consequences.

Current approaches to business myth

Research is on myth is very short. It is considered a mental obstacle which must be removed for the reason to provide grounds for reasonable thinking on the conduction of carrying on the ethical phase in business. Sometimes the approach to business myth ignores some fundamental questions regarding the myth for example structure social function, power etc. literature regarding business ethics shows that business ethics is different at different level i.e. general level, organizational level and individual level. General level is related to the concept of profit maximization or business is game in which

you have to push your competitor else you will not be able to survive. The organizational level it is related to team work i.e. the management does know that what to do, how to do, and what will be done by whom. The individual level is regarding the individual skills and ability to cope with any situation. It depends on individuals and is really differ from person to person. (ibid).

Reality and consideration

Myth in business ethics normally use to connote wrong prepositions regarding the ethical nature of business. But the main point in the current approach to myth in business is the satisfaction instead of its function and nature. Some researchers say that myth and ethics are two layers of business world in which one is reality and the other one is consideration. Myth is taken as the upper layer which is visible to every one but the ethics is considered the inner side of the business. So when the upper layer is removed the hidden or inner side comes appear. In the current era, the problems and issues like environment, energy etc has been solved by ethics not by myth. (ibid).

Trevino and Nelson, 1995 suggest in Geva, (2001 p.579) that “excluding stories about company heroes and organizational anecdotes that are some time called myth”, while connecting it to general beliefs regarding business world they clear it as mistakes because they focus on the wrong side.

Geva, (2001) explains that in business context myth is something which expresses the unethical nature of business. If presented, the ethical beliefs are short in number from the true nature of business concept. In this context the concept of myopia is considered one side of myth as it carries the intellectual and moral prices.

“Myopia refers to the concept of willingness to reject unfamiliar and negative information” (Wheelem, Hunger, Rangarjam,. Strategic Management and Business Policy p.56, ninth edition). Giva(2001) further suggests that some time due to this concept the beliefs regarding ethical business and also considered as myth.

Clarity: the first priority

In business literature the myth is the creation of expectation that something must be exposed in first priority else there is no benefit of mentioning it latter on. It can be cleared with the help of an example; we say that X is Y (any myth) but then we give proofs and expose the reality that X is not Y (myth was not true). It makes clear that in many cases X may be the opposite of Y. (ibid). It means that sometimes we consider myth as reality but when that myth is exposed to us then it turns as virtuality.

Collins and Porras (1997) elaborate in Geva, (2001 p. 577) that “tyranny of the OR: you can create wealth for your shareholders OR do well for the world. You can be idealistic or pragmatic”. They further proceed that the “OR proposition sets a negative relation between ethics

and myth. In the current era it has been tried that there is positive relation between myth and ethics by exchanging the OR with AND. Due to this reason the myth in business is considered just a hurdle which can be overcome by adequate theory. (ibid).

Consider the existing culture

It is the duty of the leader to broadcast culture and the extent of ethics in their organization and make the employees to work according to the specific culture in the said organization. Trevino and Brown (2004)

Schein (1985) precedes the above concept that the techniques which fix and strengthen the culture are

- The consideration of leaders towards control and measurement.
- The reaction of leaders regarding any critical condition.
- The criteria for setting rewards by leaders.
- Criteria for hiring, promoting, firing and retirement.

To create a strong relationship the leader must understand the current position. But it is very rarely observed in organization. (ibid).

According to Trevino, Weaver and Brown (2000) it has been cleared that if a person is going higher in the hierarchy of organization he is more hopeful about the ethical culture. To get to know about the strength of culture the top management needs to conduct surveys, focus groups which will make the employees think that the management is really interested in the current ways of doing business.

Convey the value of ethical standards

Just to order the employees regarding anything is not a fair way and it is not enough as well, as it is the duty of the leader and top managers to prepare them for arising critical issues and to guide them in the context that how to cope with the arising issues and conflict.

The ambiguous messages from top managers are not exercised in better way by the employees. (ibid).

Concentrate on reward system

Skinner (1972) says to keep the employees on the track of expected behavior the reward system may play important role. He adds that people avoid that act which can cause punishment and want to do which reward them in positive way.

Trevino and Youngblood (1990) elaborates the above concept in more detail that in short run it may not be possible to measure and reward the ethical behavior but in the long run it may be possible as the person who is getting the reward by having ethical behavior and have been performing his duty according to ethical consideration. If he is rewarded he would have developed a

good reputation among customer, peers, subordinates and supervisors. To measure and reward the ethical behavior the 360 evaluation technique is the most favorable.

Enhance ethical relationship in firm

It is the duty of executives to provide the ethical leadership, means to make visible the ethical values, commitment to work, and to consider the means and ends. It should be clear to everyone that what is expected to be done by them, what is acceptable and what is not. It means rules and regulations must be there for all and no exemption should be there.

If the rules will be neglected the lower level managers will not care for ethical behavior as they will be thinking that if the top management not is following the rules and ethical behavior why should they bother themselves. If a manager does not show interest in ethical behavior, employees will consider him ethically neutral. (ibid).

CONCLUSION

There is contradiction over the need for Business Ethics. It has been misplaced. If we put behind the current advancement and keep continuing our business in traditional way and by considering the myths to be the principals for success, we will be far behind. Businesses must recognize their moral and ethical obligation in regard of benefits for the society. Today if we want our businesses to be the leaders in market we ought to follow the current approaches and accept the upcoming challenges in this regard due to the dynamism in outside market.

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