Ethics In Corporations Essay, Research Paper

Why should a corporation consider ethical behavior – on top of law and self-interest?

First and foremost, it is of dire importance to draw a distinction between appearing to be ethical and actually using ethical considerations. There has been an attempt by several corporations to appear to be ethical. In these instances there has only been an effort to reach an immediate goal of prosperity. Of course this will work in the short run but in a sophisticated society “fake” will not survive. With the advances in technology and the increase of information, we as a community are becoming better informed. It is only a matter of searching and gathering the facts to make the decisive decision of proceeding with a certain company. In current times the line dividing truly ethical considerations and appearing to be ethical are becoming much easier to distinguish but in several cases are still unclear.

In practice ethical considerations lead to a decrease in friction within the public domain. In other words, less conflict will arise between private individuals and corporations when ethical behavior is being be experienced. For corporations, social conflict takes place when behavior is seen as wrongful or unethical but in actuality is perfectly legal. Many times this leads to calls for boycotts from churches or other organizations. Whether the public demonstrates in front of the gates, charitable organizations set up wailing walls, or the media uses pressure through critical reporting, this will mean a definite loss in social recognition of the company in question. Kathy Lee Gifford fell victim to the media a couple years ago when her clothing company was caught abusing child labor laws in factories abroad. Whether this leads to a fall in the share price or there is a measurable loss in sales are of secondary importance. Criticism “from the outside” generally means that the management role is taken up with defensive activity and therefore not free for the shaping of the future. In the Kathy Lee Gifford case and as in many other cases, the issue faded and disappeared with time. Many economist have said that the most intelligent corporations forbid dealings that could provoke negative social reactions.

On the other hand , there is steady increase in evidence that shows a corporation’s “image” can become a competitive advantage when used as a tool of propaganda. This method of approach can in some circumstances be used to gain market advantages as it did for a local fast food chain in California. Jack in the Box was convicted of not entirely cooking their hamburgers which in turn was infecting children with salmonella poisoning. Due to the conviction and the attention from the media, the fast food restaurant was put under strict regulation. In other words, the new enforcement of regulation was a safeguard against the consumption of salmonella. Many individuals saw this as a benefit and as a result wanted to eat at Jack in the Box. This can be a positive market advantage where a corporation gains the attention from negative issue but can in the long run gain a larger market. Another example practiced in the Unites States, is where a number of companies that are not only environmentally exemplary but go beyond the minimum legal requirements.

Other costs can arise through conflict with one’s employees. The fact that a company is the focus of public criticism can have disastrous results for morale and job satisfaction within a corporation. In the long-term, this can lead to valuable employees looking for other work and leaving the corporation. This can be a detriment when a business is trying to establish itself as reliable As employees are a corporation’s most valuable “capital”, this alone is reason enough why unethical conduct cannot lie in a corporation’s interests.

Various studies have shown a positive correlation between ethical conduct in a corporation and job satisfaction. Where top management is seen as giving strong support for ethical consideration, job satisfaction increase together with the degree of employee identification with the corporation. Everything points to the conclusion that a positive reciprocal relationship exists between “job satisfaction” and “ethical conduct”. The ethical considerations of a corporations play a role in the entirety of value systems, thought and decision patterns, methods of behavior, and structures within a corporation that often emanates a feeling of togetherness and thus boosts motivation to work.

The role of the corporation within the community can also reinforce an employees behavior. A business that has been plagued with a negative reputation or considered to be “unethical” within the neighborhood could lower the morale of its employees. On the other hand, behavior that prompts customers to buy and motivates investors to purchase shares is looked upon with pleasure and pride can also reinforce employees’ positive identification. A great example of this can be recognized in San Diego, California. Qualcomm in recent years has become one of the most prominent and successful companies among customers and its community. Not only does this corporation hold a large majority of San Diego employment but it also holds the name of the stadium. Its reputation within the city has given the employees a sense of pride for whom they are working. What Jakob Burckhardt formulated for individuals can also be applied to corporations: they are not just what they are, but also what hey have set themselves as ideals. Even if they do not emulate these to their capacity, a part of their being is marked by the mere fact of wanting to.

There are a number of indications that show corporations whose practice ethical conduct are considered as more attractive employers than those which have been publicly criticized due to failure to recognize their responsibilities to the welfare of the community and the environment. A poll taken from Business Week revealed that 88% regard “work satisfaction”, 67% a “good working atmosphere”, and 66% a “job that makes sense” as important criterion in choosing an employer. These are all factors which can hardly be true of companies where Green peace demonstrates in front of the factory gates or churches call for a boycott.

Corporations are now no longer measured on what hey produce, but on what they present. The strength of many trends can instantly change at the blink of an eye, especially when the labor market spreads hopelessness for those seeking a career. But an increasing number of individuals, whether as employees or consumers, are taking ethical viewpoints more seriously that 10 or 20 years ago. The next question we should ask ourselves is, why has this happened. Why are we as a society increasing our ethical considerations with corporations? One answer that was stated before is with the increase of information, we as a society are becoming more knowledgeable of our decisions. We are enabling ourselves to make more “ethical” decisions based on the whims of a corporation.

Many of those with responsibility in corporations are complaining about an increase in an already too thick jungle of laws, stipulations, and directives. Commercial freedom, the complaint goes on, can no longer exist within the ever narrower thread of state regulations – too many rules endanger the economic success. There is a great deal of evidence that such complaints have set forth the idea that “less state” can have an enlivening effect on corporate commitment.

Freedom is, however, always an ethical duty and may thus be demanded on only as a correlate of responsibility. Anyone who wishes to help avoid further criticism and correct inappropriate behavior must offer legitimate proof of ethically responsible conduct. Back to the example of fast-food restaurant, Jack in the Box, in order to continue serving the public they were required to prove they cooking their meats to full capacity. They had to provide evidence of corrected demeanor as well as compensation.

Ethically responsible corporate dealings mean dealings beyond the status quo, active shaping, and forward-looking ethical balance. Minimal will not do in a society whose wants and needs are infinite. A corporation must not only meet but exceed regulations. Whoever maintains a running battle on current law to defend positions that might have been based on a regulations many years ago but which are now regarded as “wrongful” and will be even more so in the future, is not being business like but negligent. Such companies that support those social forces will demand tighter controls and more state intervention.

Innovation, efficiency, effectiveness, the ability to utilize market potential optimally, recognize the signs of the times, and the art of saving costs and expense in the right place at the right time will continue to be of great importance alongside all the other corporate virtues. However, an additional element will gain in significance: business ethics. It will become more and more a new, solid basis for competitive ability, breaching the limits of classical markets. The more wealthy a society is, the more significant non-material values become. Corporations that act in a visibly ethical way will be preferred by informed consumers more and more. This will become a problem for those corporations that ignore moral aspects, and for other it will be an opportunity to get to the very top.