

## **Introduction of Business Ethics**

### **What is business ethics?**

In this part, the author introduces the concept of business ethics and challenges the view that "business ethics is an oxymoron". Despite the existence of unethical practices in business, it is still considered necessary to study and evaluate ethical issues in business decisions. Business ethics is defined as the study of what is right and wrong in the business environment and covers all types of organizations. It is an important area for assessing the morality of business practices.

### **Business ethics and the law**

Business ethics and the law are related but distinct. The law codifies ethical standards into rules, but ethics extends beyond legal requirements. Business ethics addresses issues not explicitly covered by the law or where there's no consensus on right or wrong. It focuses on the "grey areas" or conflicts of values. Ethical dilemmas often lack definitive right answers and are open to various perspectives. Business ethics doesn't offer objective correctness like subjects such as accounting or finance. Instead, it aims to help individuals make better decisions, especially in controversial and ethically ambiguous situations. This is exemplified in a scenario where a bartender friend undercharges for drinks due to mistreatment by the bar manager.

### **Defining morality, ethics, and ethical theory**

This section describes the controversies surrounding business ethics, which are often the result of different interpretations of "morality" and "ethics". Although the two terms are often used interchangeably, academic writers have suggested a distinction between them. Ethics deals with the internal norms, values and beliefs that define what is right and wrong for an individual or community. In contrast, ethics is the systematic study of morality, using reason to establish specific rules and principles to determine what is right and wrong in various situations, known as ethical theory. This distinction is important because ethics seeks to rationalize and systematize morality, culminating in an ethical theory.

### **Globalization: a new context for business ethics?**

Globalization is highly controversial in both public discourse and academic circles. It is characterized by the erosion of geographical boundaries in social, economic, and political activities because of technological and political developments. This definition emphasizes that globalization is not only about worldwide communication, but also about the ability to connect without geographical boundaries. Globalization affects all aspects, including global communications, products, and financial systems. It has far-reaching implications for business ethics, particularly in addressing the ethical

challenges posed by a non-geographical world, where businesses must navigate complex global relationships and responsibilities. Globalization affects business ethics in terms of culture, law, and accountability. Cultural differences create ethical challenges in the global marketplace. The territorialization of business transactions complicates reliance on national laws, thus increasing the need for business ethics. Multinational corporations wield considerable power and require greater accountability to diverse stakeholders. In dealing with these complex global ethical issues, business ethics becomes crucial.

### **Sustainability: a new goal for business ethics?**

Sustainability is becoming increasingly pivotal in the realm of business ethics, signifying its growing relevance. Sustainability is multifaceted, encapsulating environmental, economic, and social facets, aiming to maintain long-term well-being. It presents businesses with ethical challenges related to environmental conservation, economic longevity, and social justice.

Environmental sustainability emphasizes responsible resource management and ecological preservation, while economic sustainability revolves around astute management of economic resources to ensure enduring corporate performance. Social sustainability targets rectifying wealth disparities and fostering fairness.

The concept of a triple bottom line in sustainability obliges businesses to consider economic, environmental, and social factors in their operations. Consequently, it demands a reassessment of ethical business practices to align them with sustainable development objectives.

### **Europe: a new perspective for business ethics?**

This section delves into the distinctions in business ethics between Europe and the United States. In Europe, business ethics revolve around collective responsibility, where governments, trade unions, and business associations play pivotal roles. Conversely, the United States places greater responsibility on individuals and businesses themselves. European ethics rely on regulatory frameworks, while in the United States, the focus is on corporate ethical standards. Europe addresses broader socio-economic issues, such as the ethics of capitalism, while the United States concentrates on individual-level concerns. European companies prioritize the interests of multiple stakeholders, while U.S. companies often emphasize shareholder value. These disparities are rooted in cultural, historical, and religious backgrounds, although globalization has led to some convergence.