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Business Ethics

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Business ethics names both a *phenomenon* (the ethics espoused and practiced in business) and the *field of study* of that phenomenon (the serious study of business *ethics*). As a branch of ethics (or moral philosophy), the field of business ethics is interested in how judgments of right and wrong, good and bad, moral obligation and responsibility, rights and duties, and the like, are made and justified. As a branch of *applied ethics* it explores how these judgments are carried out in the specific domain of work, commerce, and economic activity.

As a *descriptive* enterprise, business ethics is an analytical exercise in understanding and explaining how people and organizations make their ethical judgments and decisions. As a *prescriptive* enterprise, business ethics seeks to arrive at defensible, normative, moral judgments of business matters in ways that are helpful to the actual practice of business. Business ethics overlaps significantly with what is often called *corporate social responsibility*—a movement calling on corporations to be responsible not just to shareholders but to the society (and the ecosystem) in which it operates. The field of business ethics is interested in more than just social and environmental responsibilities but those are certainly critical component areas.

Science and technology share a long, close, and mutually-influential relationship with business. Business needs and opportunities drive much scientific research and technological development, on the one hand, while discoveries and technological innovations transform business, on the other (Burrus 1993, Martin 1996, Tapscott and Caston 1993). Technology is widely accepted as the primary, dominating force that has transformed business around the world with rising intensity since the 1950s. Business ethics, as a reflective and sometimes reactive discipline, has typically lagged behind business changes and began to address this technological transformation only in the late-twentieth century (Gill 1999).

Historical Development of the Field

The basic questions of business ethics (for instance, fairness in wages and prices, responsibility for defective or dangerous products, fulfillment of contractual agreements, and morality of interest rates) have been of interest throughout human history and throughout the world. For example, the Jewish and Christian scriptures and the ancient Greek philosophers pay considerable attention to issues of wealth and poverty, honesty in transactions, liability for injury, justice in compensation, and other matters generally considered to be in the business ethics domain. So too, Buddhist tradition provides guidance about *right livelihood.* Medieval Catholicism considered the morality of usury and interest on loans. Karl Marx put capitalist economics on trial and called for justice and freedom for workers. Sociologist Max Weber famously studied the *Protestant ethic and the spirit of capitalism.* Thus while the constraints of nature and of social tradition have determined the work and economic experiences of most people throughout history, there have been recurring discussions of whether various aspects of this experience are right or wrong.

The rise of modern industry and the factory system, along with the great migrations of peoples across oceans and continents, especially during the nineteenth and early-twentieth centuries, brought major changes and disruptions to the ways people worked and the ways business was carried out. Business moved from a rural, agricultural, and familial base to an urban, industrial, and organizational one. The impact of these changes on individual workers, on families and communities, and on the environment, and the rise of a new class of wealthy business leaders—and of new forms of poverty—provoked intensified ethical debate not just among academic professionals but writers, politicians, preachers, poets, and populists.

Nevertheless as a discrete, self-conscious, academic field, business ethics emerged only during the 1960s and 1970s and grew steadily through the 1980s and 1990s and on into the twenty-first century. The rapid emergence of this field during the last quarter of the twentieth century was truly remarkable. Business schools created courses in business ethics; students began pursuing Ph.D degrees in the field; and centers for business ethics sprang up at many campuses. Associations, such as the Society for Business Ethics, Business for Social Responsibility, and the Ethics Officers Association, were formed to bring together scholars and practitioners in the new field. Journals were launched, such as *Business and Professional Ethics Journal* in 1981, the *Journal of Business Ethics* in 1982, and *Business Ethics Quarterly* in 1991. The quantity and quality of textbooks, monographs, and other literature on business ethics was first impressive, then daunting to those wishing to keep up with it. In the corporate arena itself, companies increasingly created ethics codes, statements, and training programs. By the turn of the twenty-first century, business ethics had won a respected and significant place in virtually all business education programs and in the consciousness of business managers (Freeman 1991, Werhane 2000).

The impetus for the development of business ethics as a field of study and of professional practice has come from several factors: First the rapid development of technology and its multifaceted deployment in business has modified and intensified the traditional list of business ethics challenges. Technology amplified old problems, created new ones, and complicated and speeded everything up.

Second social and cultural developments, in the 1960s and since, gave rise to a widespread questioning of traditional ethical authorities. Demands for recognition and equal treatment by students, women, and ethnic minorities, a new sense of urgency to care for the environment, and a growing ethnic, religious, and cultural diversity in the workplace all helped to put in question traditional ways of running businesses and of thinking about ethical right and wrong. Thus just as the technology-enhanced business ethics challenge was increasing, the assumption of a widely-shared consensus on values and ethics was becoming untenable.

Third across the intellectual and academic horizon, academic specialization grew, fueled partly by the scope and complexity of various old and emerging fields of research and partly by an explosion in the quantity of data available for consideration. The development of a specific field of business ethics (just like that of medical/bioethics) became logical, possible, and necessary. The growth of the business ethics challenge combined with the loss of a common set of values and ethics to create a fertile field of inquiry and service for a new academic specialization.

Fourth a growing number of high profile business ethics crises and scandals provoked calls for both better government regulation and oversight of business, on the one hand, and for better business ethics education and practice, on the other. Among the high profile ethics cases were trading, accounting, and financial scandals; the manufacture and sale of dangerous products (automobiles, tires, drugs); the use of child labor and sweat shops; ecological disasters (the Exxon Valdez, Bhopal); industrial pollution and depletion of natural resources; and vastly growing inequalities in wages and compensation for executives and workers. The 1991 U.S. Federal Sentencing Guidelines for white-collar criminals specified that law-breaking companies could reduce their penalties by up to 40 percent if they instituted compliance and ethics training programs.

Business Ethics: The Central Issues

The organizing question in business ethics is how to do the right thing (not just the profitable or possible or popular or even legal thing). Various philosophies, religions, and individuals answer the *what is right and how does one know it?* question in different ways, but there is widespread (if not universal) agreement that at its core, something becomes *wrong* when it *harms* (or seriously risks harm to) people. The Hippocratic Oath argued that the first duty of medical ethics was to *do no harm.* The same is true with respect to business ethics: An ethical business is one that seeks to avoid harm. What is ethically right and good is what can help people toward a free, healthy, and fulfilled human life. Obviously harm and help are elastic and debatable concepts but thinking about ethical right and wrong in these simple, historic, classic terms helps focus the ethical enterprise around a common language and concern in an important way.

In raising its questions of right and wrong, the scope of business ethics is as broad as business itself. Business ethics, perhaps because it is such a young field, has no single dominating method or paradigm. To arrive at a relatively inclusive understanding of the field, business ethics can be approached from five different perspectives. The first is a review of the range of typical *ethical dilemmas and problem cases* that arise across the business spectrum. The second briefly examines the *ethical values and methods of analysis* typically used to address the range of business ethics dilemmas. The third perspective is an analysis of the major *stakeholders* in business ethics so as to understand *who* is involved and what their ethical interests might be. A fourth perspective examines the basic components in a comprehensive organizational ethics. And finally, while the interaction of science, technology, and business ethics will be discussed as appropriate throughout this entry, a summary of business ethics will be drawn from the science/technology viewpoint.

Ethical Dilemmas and Critical Cases

One way to approach business ethics is by an analysis of specific problem cases or dilemmas (quandaries). An ethical dilemma arises when there is a question of determining the right thing to do. It often occurs because of a conflict of moral values or principles either within an individual or between two or more agents. Focus on the case method is called *casuistry* (Jonsen and Toulmin 1988; Brown 2003; Goodpaster and Nash 1998; Jennings 1999; Ferrell, Fraedrich, and Ferrell 2000). Casuistry analyzes ethical dilemmas and quandaries to aid in wise decision making and right action.

Classifying Ethical Issues

Ethical dilemmas and problem cases can be classified in several different ways. A threefold distinction can be made among (a) personal, *micro-ethical* issues; (b) organizational, *organizational* issues; and (c) systemic, *macro-ethical* issues. Another categorization can follow the functional areas of business, such as management, finance, accounting, human resources, marketing and advertising, supply chain management, sales, manufacturing, and more. Still another approach could focus on cross-cutting, thematic areas such as technology, communications, meeting, relationships, and the like.

Conflict of interest cases are often at the root of ethical dilemmas in these categories. For example, one's personal interest (for instance, a bonus for meeting a sales target or a personal gift) may conflict with one's professional responsibility (such as serving client needs and employer standards). A business interest in a foreign country may conflict with the social or environmental interest there. Bribes, kickbacks, insider trading, inappropriate use of company information, resources, or contacts to advance personal/noncompany interests, or hiring a talented friend are all examples of possible conflict of interest.

Dilemmas about *truthfulness and accuracy* in communication are also to be found throughout the business arena. Internal communications up and down the line, press releases and public relations, advertising and product labeling, financial reporting, and handling proprietary information and intellectual property, among other business activities raise difficult questions of ethical communication. How much information is owed and to whom? While it is clearly not right to publish immediately and fully all information one has to all people who ask for it, falsehood, deception, and evasion undermine trust and are often harmful.

Justice and fairness in policies and relationships are also a recurring ethical challenge throughout organizations. Relationships among employees at various levels and in different areas of the company may be disrespectful, inequitable, unfair, and harmful. Hiring practices, compensation, promotion, and workload differences might be unfair. Suppliers and business partners may not be treated fairly and honestly. The community may be unjustly burdened with the costs of an environmental cleanup due to a company's decision not to manage its wastes responsibly.

Technology has had a major impact on the ethical dilemmas faced in business. As the technological tools become more powerful, ever more vigilance is required to make sure they are used for good and not evil, and that their impacts are not unfairly imposed on unwilling others. Technologies also produce unanticipated consequences, *bite back* effects, that ethics must review (Tenner 1996). Old practices present new challenges when technology is introduced. Marketing and advertising ethics must now evaluate e-marketing practices. Customer data issues have become important as computerization makes possible tracking, profiling, and commoditization of what customers may assume is their private information.

Relationship issues are given a radical new spin when distant, extended enterprises, enabled by technology, become the order of the day. E-mail, texting, and tweeting as the primary forms of communication, the expectation of anytime/anywhere connectedness, and the management of employees in multiple, extremely diverse political-social settings around the world are technology-driven challenges that beg for ethical perspective.

Recognizing, Analyzing, & Resolving Ethical Issues

A focus on ethical problem cases requires, first of all, determining whether a truly serious ethical dilemma that requires attention exists. Two compliance-oriented questions will often (though not always) identify a serious dilemma: (a) Is there a serious question of illegality? and (b) Is there a possible violation of the ethics and standards spelled out by the business's organizational code or by a related professional association? If the answer to either of these is positive, the issue is probably of serious ethical concern.

Some ethically important situations may slip under the radar of the two compliance test questions so four others must also be considered: (c) Is someone liable to be harmed by this? (d) Would individuals want this done to them or their loved ones? (e) Does this really bother human conscience and values? and (f) Would this continue if it were publicized in the evening news or on the front page of a newspaper?

If the answers to some or all of these questions are positive, the next stage is to analyze the case carefully. The facts of the situation must be clarified. Who is involved? What has happened? What are the ethical values and principles at stake? (The ultimate decision will need to be justified by appealing to such values). What are the options for response and the likely consequences of each response, short- and long-term? What help can others provide (colleagues, experts, veterans of similar cases) in analyzing and understanding this dilemma?

The third stage (after recognize and analyze) is to *resolve* the dilemma by choosing the best possible option available, acting on it with courage, and then following through, fully and responsibly. Not only the immediate decision and action but longer-term reforms might be appropriate to minimize recurrence of such dilemmas.

Casuistry is certainly an important part of business ethics. If ethics remains only a set of ideals or an abstract theory, unapplied (or inapplicable) to particular cases, it has failed. One of the virtues of casuistry is that it can quickly focus the participants' attention on something concrete, specific, and shared: the problem. Trying to begin with an agreement on abstract, general principles and values is often much more elusive. On the other hand a focus on cases alone can reduce business ethics to a reactive *damage control.* Decision making and action in response to extreme cases must not be allowed to become the whole enterprise. Even if one starts with concrete cases, part of the follow-through after responding to the case at hand is to move *upstream* in the organization and its practices to locate the sources and contributing factors to those downstream dilemmas.

Ethical Values, Principles, and Methods of Analysis

A second way into business ethics is to equip oneself with theories and insights from moral philosophy and carry these tools into the business domain (Beauchamp and Bowie 2001, DeGeorge 1999). Business ethics courses and textbooks, which frequently are designed and taught by people trained in philosophy, typically present two or more options in moral philosophy as potential tools for determining the right thing to do in business.

The two most common theories are the consequentialist utilitarianism of Jeremy Bentham and John Stuart Mill, and the non-consequentialist deontologism of Immanuel Kant. In addition to these two prominent options in Enlightenment modernity, business ethicists sometimes add brief discussions of ethical relativism, egoism, a feminist *ethics of care*, and some account of virtue (character) ethics. It is also common to include discussion of theories of justice (economic or distributive justice), often including the work of John Rawls and Robert Nozick.

After sketching such options in basic moral philosophy, business ethics textbooks of this type then counsel readers to choose one of these theories of moral philosophy to help decide ethical questions. Of course, virtually every moral philosophy (and moral theology) has some valuable insight to contribute to business ethics. Just as it can be useful to ask questions to identify an ethical dilemma, it can be helpful to examine one's ethical options from the perspectives of several of these theories. With the utilitarians one could ask which possible response to the ethical problem would produce the best consequences for as many people as possible. With the Kantians one would ask how individuals would respond if they thought all people in comparable circumstances would copy the response. One could ask the *egoist* question—What is truly in the individual's best interest?—and, so too, questions about genuine caring, about the guidance of conscience and feeling, and about what surrounding culture thinks is right. Every insight and every theory is not equally insightful in every case, of course, so wisdom and discernment are always called for.

By focusing on moral philosophy in this way business ethics is actually showing its historic debt to Enlightenment thought. Kant and Mill and their contemporary philosophers were products of the modern scientific revolution of Isaac Newton and his colleagues, in which the physical universe was redescribed in terms of rational, universal, objective *laws.* In the footsteps of the scientists, the philosophers wished to discover moral laws of a universal, rational, objective character, independent of any notion of purpose or particularity of community. While this way of thinking about rational, universal, disinterested, objective laws contributes some helpful insights to the moral life, it has proven to be insufficient by itself (MacIntyre 1984, 1990). The young business ethics guild has slowly been waking up to the failure of Modern ethics. Viewed negatively, the Postmodern rejection of Enlightenment styles of moral philosophy points away from certainty and toward relativism or even nihilism.

Viewed more positively, the path has been opened up to explore new ways of thinking about business ethics that draw together the ethical insights of many voices and that more closely fit the actual ethical experiences of people in business. The success of some efforts to bring people together to formulate and implement business ethics principles, such as the Caux Round Table Principles, has been promising.

Business Ethics Stakeholders: Who Matters?

Business ethics can be approached by a problem focus, a theory focus, or, thirdly, a *people* focus, often called *stakeholder analysis.* To the traditional term *shareholder* (stockholder or investor/owner) has been added the term *stakeholder* (Freeman 1984; Weiss 1998; Post, Lawrence, and Weber 1999). A stakeholder is anyone affected by, or having a significant interest in, a business. They may not own financial shares of stock but they still have a significant stake, an interest, in what the business does. The assumption is that people have a moral right to some say in decisions that significantly affect their lives. In stakeholder relationships, the ethical questions concern the rights and responsibilities appropriate to each party to the relationship. Stakeholder analysis emerged from a realization that some parties were bearing costs (or reaping benefits) from business operations without being recognized. Six major stakeholder groups deserve ethical attention.

OWNERS. One well-known view has it that the only responsibility of business is to maximize profits for its owners, provided this is done without fraud or other illegality (Friedman 1970). Certainly the owners (investors, shareholders, and financiers) of a business have a right to have their investment managed in their financial interest. It is not true, though, that profits are the only concern, even for the owners. Owner/investors also have a legitimate claim to adequate, accurate information about the business and its financial affairs.

What are the ethical rights and responsibilities of business owners in various circumstances? How does this differ under different ownership structures? What responsibility and accountability do business owners have toward other stakeholders? Are there ways of evaluating the legitimacy, fairness, and appropriateness of the owners' return on investment relative to what employees, customers, executives, and other employees receive? A stakeholder analysis approaches the business ethics arena with this sort of wider and deeper interest.

Technology has affected the ownership of business by facilitating complex, vast, high-speed new ownership patterns in the marketplace. Mutual funds own large percentages of many businesses. Under these fluid and impersonal circumstances, who are the owners to be held responsible for a business's behavior? How do small investors assume any of that responsibility even if they would like to? Perhaps the answer will become clear as information and communication technology renders the operations of both corporate management and fund management more fully transparent and as Internet-based movements organize small investors into effective lobbyists for reform (Tapscott and Ticoll 2003).

EMPLOYEES. If anyone has a clear stake in a company, it is the employees whose livelihood and vocation lie there. Business ethics pays attention to employees (including management) in several ways. First most of the ethical cases and crises that come along involve employee participation. The ethical analysis of employee choices, communications, and behavior occupies a good deal of the attention of business ethics. How managers and owners treat employees is another ethical concern. Job security, compensation, safety, harassment, prejudice, and even the quality of employee work experience, are ethically important. How should the personal ethical convictions of an employee be expressed (or not) in the workplace? How are employees trained in the company's ethics? How are ethical responsibilities related to various business roles?

Technology has modified the spectrum of ethical problems faced by employees. Perhaps the most striking impact of technology is when it eliminates employee jobs, either by replacing workers with robots and machines or by enabling jobs to be moved to locations where employees cannot follow. Is there a moral responsibility to help displaced employees to find other work?

Technology can be used or abused in monitoring employee communication and activity. Privacy must not be violated. Confidentiality must be protected. New stress-related injuries have emerged among computer users. Computers and the Internet have enabled some employee abuses such as game playing, pornography downloading, excessive personal use, and distribution of vulgar, hateful, or time-wasting messages to other employees. The same technology, however, allows for telecommuting from a home workstation, assisting a parent tending to a sick child. New issues of health and ethical management also arise concerning possible employer expectations of employees to be connected to their work anytime, anywhere.

CUSTOMERS. The most cynical non-ethical stance toward customers in the past was characterized by the Latin phrase caveat emptor—*let the buyer beware.* Viewed by stakeholder analysis, however, business ethics explores customer-related issues in marketing, advertising, product pricing, safety, quality, service, and support. What are the rights and responsibilities of customers vis-à-vis a company? Technology has made a huge impact on the development of products and services available to customers in the early twenty-first century. It also has modified marketing and advertising, as well as sales and service, by utilizing electronic media for all of these activities. Customer service and support and the privacy of customer data are among the ethical issues raised in new ways by technology. The Internet has also enabled some customers to help support each other in various user groups.

BUSINESS SUPPLIERS AND PARTNERS. Business-to-business relationships have become even more important and challenging in an era of outsourcing, complex supply chains, and virtual corporations. Government regulations and legal contracts simply cannot guarantee integrity in these relationships. The essential ingredient is trust, which depends on voluntary adherence to shared values and ethics (Fukuyama, 1995). What are the ethical responsibilities of business partners to each other? As technology enables businesses to create working relationships in distant and culturally-diverse settings where laws and local ethical values may permit child or slave labor, discrimination based on gender or religion, bribery, and environmental pollution—or where Euro-American business practices may be viewed as hopelessly corrupt, vulgar, and unjust, the challenge to business ethics is to figure out the ethically right thing to do in relation to the business partner stakeholders.

GOVERNMENT. As the presumptive guardians of the law, justice, order, and the well-being of nations, governments are also important stakeholders in business. This is true of all business-to-government interaction but in the economy of the twenty-first century, business's capacity to have both positive and negative impacts on states and their populations is extraordinary. Several multinational corporations have larger annual budgets than most nations in the world. The kind and extent of governmental regulation and oversight of business results in part from ethical values and choices. The influence of business on government (lobbying, campaign contributions) also is, and needs to be, subject to moral debate. In an era of globalization of business, earlier understandings of the proper relationship of governments to businesses must be rethought.

COMMUNITY & ENVIRONMENT. Human communities often benefit both directly and indirectly from business. A strong business climate can bring jobs, income, and skills to communities. Even those who are not investors, employees, or customers of a business can benefit from its presence. But costs of the business are often *externalized* into the host community. Traffic congestion and environmental cleanup are two examples of costs to communities. A community may grow up around a business, creating schools, roads, and other cultural and social infrastructure that make it possible for that business to recruit good workers and thrive economically. If the business then relocates to China, based on investor demands for higher profit margins, an ethical issue arises. Communities have a stake in business. The ecosystem or natural environment is also a legitimate stakeholder in that it invests its energy and materials in any business and is affected by what that business does. Environmental care and stewardship is not merely in the long-term interest of business, it is a show of respect and justice toward the intrinsic worth of our non-human environment.

Clearly there are other potential stakeholders in a business, such as professional associations, non-profit organizations, and schools. The strategy is to identify the relevant stakeholders and put the ethical focus on their respective rights and responsibilities.

The Basic Components of an Organizational Ethics

A fourth approach to business ethics is to work from a practical analysis of the way values actually work in organizations and communities (Solomon 1992; Batstone 2003; Trevino and Nelson 2011). This approach draws from historical and social scientific studies of business and other organizations, as well as from classical philosophical and theological approaches to ethics and values. The goal is to understand business ethics in a way that is simultaneously holistic, integrative, deep, and practical. In this approach six components in a holistic organizational ethics can be identified.

MOTIVATION. WHY BE ETHICAL IN BUSINESS? It is not at all self-evident why businesses should be run in ethically. The argument for doing so must be made in a way that will motivate business leaders and employees to make ethics a priority. A complete argument for operating a business in an ethical manner includes the following: (a) avoidance of litigation and the penal system (ethical companies generally steer clear of breaking the law; legal compliance is a sort of minimum standard of ethics); (b) regulatory freedom (increased laws and regulations result from patterns of unethical behavior); and (c) public acceptance (unethical businesses are often punished by journalistic exposes, citizen watchdog groups, and bad reputations).

In addition to the preceding three *external* reasons, having to do with the political and cultural environment in which business operates, there are four *internal* reasons to be ethical, connected to the four basic parts of any business in the early 2000s: (d) investor confidence (financial resources will be withheld from untrustworthy businesses); (e) partner/supplier trust (more than ever in the era of extended enterprise, business partnerships depend on trust, ethics, and integrity); (f) customer loyalty (customers avoid businesses that treat them in an unethical manner and also avoid brands that are associated with the unethical treatment of workers); (g) employee recruitment and performance (good employees are attracted by ethical employers; especially in the *knowledge economy*, employee sharing and teamwork flourish best in an atmosphere of trust and ethics).

Finally there are three *deep* reasons many find compelling for running an ethical business: (h) personal and team pride and satisfaction (business success that comes by virtue of ethical behavior is rewarding to the individual; being ethical aligns with human nature and conscience in important ways); (i) intrinsic rightness (individuals and organizations should be ethical simply to be in alignment with a moral universe—God, reason, and human tradition argue for doing the right thing even when there is no immediate or direct payoff); and (j) missional excellence (being ethical is fundamentally about the essential values woven into the fabric of an excellent organization; ethics is less an external measuring stick than an internal set of traits).

CORPORATE MISSION AND PURPOSE. Assuming a business organization is adequately motivated to operate in an ethical manner, the next priority is to clarify the core mission and purpose of the organization. This is an Aristotelian, biblical, and traditional starting point for ethics. "The values that govern the conduct of business must be conditioned by *the why* of the business institution. They must flow from the purpose of business, carry out that purpose, and be constrained by it" (Sherwin 1983, p. 186). The first focal point in the positive construction of a sound business ethics is to clarify the *telos* of the business. An inspiring, unifying business mission that taps into basic human drives (e.g., to be creative or to be helpful to others) can leverage and guide sound ethics in an organization. For Aristotle, things, people, and organizations are embedded with *final causes*, purposes, and destinies to fulfill, and ethics is about how to achieve these. For biblical ethics, the determination of *who is God* (the First Command) is decisive for the ethical standards related to that choice (Commands Two through Ten). For great and enduring businesses, preserving the core mission and values is of primary importance (Collins and Porras 1994).

CORPORATE CULTURE AND VALUES. Given a clear and compelling mission, the next focal concern of a sound business ethics is the formal and informal corporate culture. Does the culture empower or impede the achievement of this mission? Corporate culture is not a neutral or arbitrary construction as far as ethics is concerned. No matter how excellent the mission and no matter how impressive the ethics code of a company, a defective or misaligned culture will present an insurmountable obstacle to sound ethics and business excellence. The formal systems of review, promotion, recognition, and discipline—

and the informal culture of communication styles, office set-up, and so on—are what enable or disable the mission. The positive traits that assist the mission are the virtues, the values that must be embedded in what the organization *is*, not just what it *does.*

BUSINESS PRACTICES AND GUIDING PRINCIPLES. But businesses not only *are*, they *do.* After the culture, business ethics focuses on the *practices* of the company, the basic things the company needs to do, how its people spend their time and energy. The business must identify its basic practices (specific areas such as marketing, accounting, and manufacturing as well as cross-cutting activities like communicating and meeting). For each area of business practice, the company must decide which ethical principles should guide. Ethical principles and rules establish negative boundary conditions that must not be transgressed and positive mandates and ideals to pursue. Leaving important areas of practice with inadequate guidelines undermines the capacity of the business to achieve ethical excellence, the importance of the company ethics code.

TROUBLESHOOTING AND CRISIS MANAGEMENT. Even in the best of circumstances, ethical dilemmas and crisis cases will emerge from time to time. It is therefore essential to create a method and framework for managing crises effectively. Making damage control and ethical crisis management the focal point of business ethics can unwittingly serve as an invitation to an unremitting succession of such crises. But as a component subordinated to a broader, more holistic business ethics, the crisis management, dilemma resolution part of the ensemble is essential. Corporations are increasingly creating ombudsmen, ethics and compliance offices, ethics hotlines, confidential means of raising questions or reporting questionable activities, whistle-blowing protocols, and the like. It is essential that businesses make clear what their employees and other stakeholders should do when apparent ethics questions and problems arise.

ETHICAL LEADERSHIP. Finally business ethics requires that attention be focused on leadership and management. Exemplary ethics does not exist without leadership. Ethics and values leadership must come from the executive and board levels of a company in the form of communication as well as action. Leaders must be heralds of the values and ethics that matter. They must exemplify the highest ethics in their own behavior and they must create systems, structures, and policies that support and reward ethical excellence and sanction unethical actions. Business leaders must create and maintain ethics training and evaluation programs throughout the organization. Without good leadership, good business ethics cannot be created and sustained.

The Impact of Science & Technology on Business and its Ethics

While business has often been conducted in a non-scientific and non-technological, traditional manner, ambition, competition, and the pressing need to solve business challenges of all kinds have encouraged businesses to learn from, and even sponsor, scientific and technological work. Since the eighteenth century, particularly, business, science, and technology have worked closely together. Manufacturing, construction, and transportation technologies decisively reshaped modern business beginning with the Industrial Revolution. Communication and information technologies have been the center of the most influential developments since the mid-twentieth century. Biotechnologies may be the most significant arena for business/science/technology interaction in the twenty-first century.

Science and technology have affected business and its ethics in several important ways. First they introduced radical change in the *products* of business. Technological products dominate virtually every area of people's lives, virtually every hour of the day. A host of specific ethical questions may be raised about these technological products, regarding their safety, reliability, cost and value, appropriateness, and side effects. Is their manufacture, usage, and disposal conducted in a humanly and environmentally responsible way? Are the trade-offs, the winners and losers, and the side effects, ethically appropriate and justifiable?

Science and technology have also transformed the *workplace* in important ways. The mechanization and automation of the workplace has continued unabated since the beginning of the nineteenth century. Information technology has enabled businesses to extend their operations all over the world and around the clock. How should people evaluate the outsourcing and exporting of jobs and the disruption of local economies by technologically-enabled global business? How do traditional safeguards against unethical acts by the powerful, such as national borders, local customs, and face-to-face, human-scale accountability relationships, get replaced in the early 2000s? What are the ethics of allowing, or even encouraging, workers to stay connected and available to their work twenty-four hours per day, seven days per week?

Technology acts as an amplifier of both problems and possibilities (for instance, the greater accessibility of medical records has both positive and negative sides). It also creates greater speed, reducing the time that individuals can devote to careful ethical reflection, which is required by the growing scale of the problems. Technology is much better at increasing the quantity of information and communication than the quality of knowledge and the wisdom of relationships. Technology creates many new opportunities for diversity, but also fosters standardization and repetition. Technology produces significant democratization of knowledge even as a new *digital divide* is emerging around the world.

In 1911 Frederick W. Taylor's *Principles of Scientific Management* promoted a new way of thinking about business management that privileged expert, technical judgments over those of ordinary workers and citizens. Taylor argued that efficiency was the primary goal of human thought and labor and that what could not be measured did not count. Henry Ford's automobile assembly line famously applied this kind of thinking. Workers became virtual appendages of machines. While there were certain gains in production from this approach, by the 1970s it became clear that even greater productivity was possible through the humane and respectful treatment of workers.

What is sometimes overlooked in discussions of business and technology is the way that technology itself is embedded with certain basic values, such as efficiency, quantifiability, power, speed, repetition, predictability, rationality, and so forth. As long as technology is viewed as a set of tools and methods to help a business achieve its mission, those technological values can be located in a richer cultural context that also preserves values such as openness, innovation, risk, human caring, beauty, and quality. If technology is put in the driver's seat rather than the toolbox of business, it will eventually come into conflict with human values, at a considerable (if not total) cost to workers, businesses, and the larger economy. In short business ethics in the coming years will need to pay serious attention not just to the complexities of particular technological innovations but to their collective impact on the mission and culture of businesses and their surrounding communities (French 1995).

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