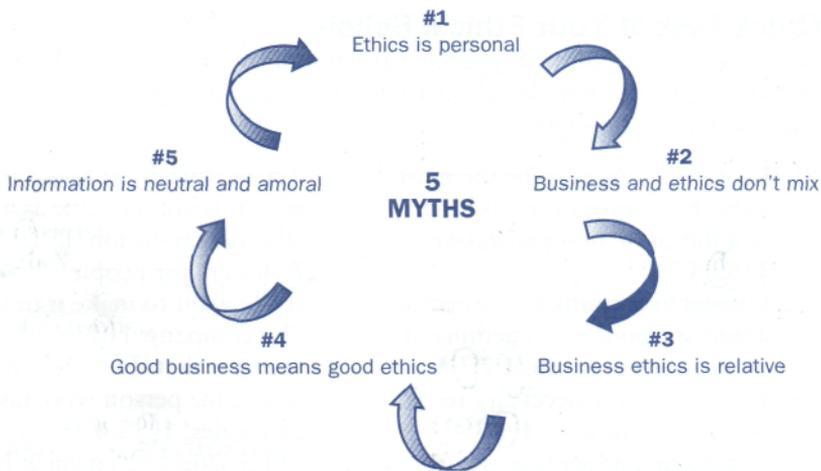


Figure 1.5

Five Business Ethics Myths



Myth 1: Ethics Is a Personal, Individual Affair, Not a Public or Debatable Matter

This myth holds that individual ethics is based on personal or religious beliefs, and that one decides what is right and wrong in the privacy of one's conscience. This myth is supported in part by Milton Friedman, a well-known economist, who views "social responsibility," as an expression of business ethics, to be unsuitable for business professionals to address seriously or professionally because they are not equipped or trained to do so.²⁵

Although it is true that individuals must make moral choices in life, including business affairs, it is also true that individuals do not operate in a vacuum. Individual ethical choices are most often influenced by discussions, conversations, and debates, and made in group contexts. Individuals often rely on organizations and groups for meaning, direction, and purpose. Moreover, individuals are integral parts of organizational cultures, which have standards to govern what is acceptable. Therefore, to argue that ethics related to business issues is mainly a matter of personal or individual choice is to belittle the role organizations play in shaping and influencing members' attitudes and behavior.

Studies indicate that organizations that act in socially irresponsible ways often pay penalties for unethical behavior.²⁶ In fact, integrating ethics into the strategic management process is advocated (e.g., "doing well by doing good"). It is argued that integrating ethics into the strategic management process is the right thing and the profitable thing to do. Corporate social performance has been found to increase financial performance. One study clearly shows that "analysis of corporate failures and disasters strongly suggests that incorporating ethics in before-profit decision making can improve strategy development and implementation and ultimately maximize corporate profits."²⁷ Moreover, the popularity of books, training, and articles on learning organizations and the habits of highly effective people among Fortune 500 and 1000 companies suggests that organizational leaders and professionals have a need for purposeful, socially responsible management training and practices.²⁸