Myth 2: Business and Ethics Do Not Mix

This popular myth[29] holds that business practices are basically amoral—not necessarily immoral—because businesses operate in a free market. This myth also asserts that management is based on scientific, rather than religious or ethical, principles.

Although this myth may have thrived in an earlier industrializing U.S. society and even during the 1960s, the myth has eroded over the past two decades. The widespread consequences of computer hacking on individual, commercial, and government systems that affect the public's welfare, like identity theft on the Internet (stealing others' Social Security numbers and using their bank accounts and credit cards), and kickbacks, unsafe products, oil spills, toxic dumping, air and water pollution, and improper use of public funds have contributed to the erosion. The international and national infatuation with a purely scientific understanding of U.S. business practices, in particular, and of a value-free marketing system, has been undermined by these events. As one saying goes, "A little experience can inform a lot of theory."

The ethicist Richard DeGeorge has noted that the belief that business is amoral is a myth because it ignores the business involvement of all of us. Business is a human activity, not simply a scientific one, and, as such, can be evaluated from a moral perspective. If everyone in business acted amorally or immorally, as a pseudoscientific notion of business would suggest, businesses would collapse. Employees would openly steal from employers; employers would recklessly fire employees at will; contractors would arrogantly violate obligations; chaos would prevail. In the United States, business and society often share the same values: rugged individualism in a free-enterprise system, pragmatism over abstraction, freedom, and independence. When business practices violate these American values, society and the public are threatened.

Finally, the belief that businesses operate in totally "free markets" is debatable. Although the value or desirability of the concept of a "free market" is not in question, practices of certain firms in free markets are. At issue are the unjust methods of accumulation and noncompetitive uses of wealth and power in the formation of monopolies and oligopolies (i.e., small numbers of firms dominating the rules and transactions of certain markets). The dominance of AT&T before its breakup is an example of how one powerful conglomerate could control the market. Microsoft and Wal-Mart may be other examples. The U.S. market environment can be characterized best as a "mixed economy" based on free-market mechanisms, but not limited to or explained only by them. Mixed economies rely on some governmental policies and laws for control of deficiencies and inequalities. For example, protective laws are still required, such as those governing minimum wage, antitrust situations, layoffs from plant closings, and instances of labor exploitation. In such mixed economies in which injustices thrive, ethics is a lively topic.

Myth 3: Ethics in Business Is Relative

This is one of the more popular myths, and it holds that no right or wrong way of believing or acting exists. Right and wrong are in the eyes of the beholder.