Preface

OVERVIEW OF BUSINESS ETHICS

The social responsibility of business is to maximize its profits. Under what constraints? What initial conditions? What boundary limitations?

If the objective function of business is profit maximization, then business ethics provides the framework of validity of business practice. Ancient philosophy, as well as modern deontology, provides sufficient light on the ethical issues facing our modern world to provide human societies with their optimal welfare.

Yet, business excesses draw lavishly on immorality and on unfairness in pursuit of happiness, of excellence, and of success. Today’s body of scientific knowledge is advanced enough that everyday business decisions can settle on-going dilemmas in full knowledge of consequences, of costs, and of benefits.

This book aims at dissecting one by one, as many of today’s ethical dilemmas as possible, viewing humanity as a global community operating in the mode of a local village. Diversity is the essence of society in today’s world of instantaneous communications, in constant frenzy for speed, and for light. Yet darkness prevails at times....

HOW BUSINESS ETHICS FITS IN THE WORLD TODAY

Every sector of business practice operates within the confines of the human mind. Areas of knowledge include philosophy, religion, mathematics, communications, and biotics. Bankers, factories, airlines, governments, all big and small, depend permanently on the uniqueness of the human spirit and the individuality of the decision maker. Algorithms and software abound in pursuit of automated decision making, yet every stakeholder is unique, every case is special, and every manager is a leader. This book aims at instilling the sense of autonomous decision making in the face of complex dilemmas.

The book follows a sequence of knowledge synthesis in three sections. Section 1, “Macro Ethics of Social Welfare,” aims at raising the issues of teaching versus learning, specifically in the fields of morality, duty, justice, and virtue. This section continues on to address aggregate issues of societal concern: pollution, sex, taxation, climate, media, and monopoly. Section 2, “Corporate Business Ethics,” peels the layers of every particular areas of concern: an analytical approach is used to probe the depth of illusions, and deceptions in topics such as nepotism whistle-blowing, deceit, plagiarism, bribery, piracy, fraud, and child labor. Section 3, “Country Applications and Case Studies,” offers particular regard to extreme issues of business ethics as practiced in one particular country where market forces are reminiscent of the wildest jungle, where extreme cultural diversity makes everyday living a constant laboratory test-
ing of business dilemmas in constant life-or-death situations. In Lebanon, life is such a passing illusion that issues of drug production, trading in human organs, and real estate fraud carry an extreme level of business significance: market forces at their wildest dance around the frenzied blaze of business profits.

CHAPTER DESCRIPTIONS

Ethics Perception: Learning and Teaching of Ethics

Education is one of the most consistent and powerful correlates to the development of moral judgment in individuals. Education builds theoretical and some practical basics for making more effective ethical decisions. Educators influence students in their learning about business ethics, but ethics can be considered as continuous knowledge, which could be taught and learned in ways different from teaching traditional sciences. However, teaching of ethics is possible because the aim is to create certain skills and build the basics for promising wise thinking for proper decision making. Building ethical awareness in a diverse society implies building awareness in schools and universities by having ethics as a university requirement. Teaching of ethics must start from early school stages and must engage parents actively. Integration of a code of ethics in the curriculum is brought to life by addressing real life stories of unethical behavior. This chapter explores the learning and teaching of ethics.

Utility, Duty, Morality, and Justice

Utility is the theory of the greatest happiness to as many people as possible. The end justifies the means where consequences matter and what makes the action moral is the result. Duty deontology implies that we are doing a good job as long as we are following the rules even if it is against our will. It is our duty, our obligation, even sometimes leading to pain. All actions and decisions should be of a good will regardless of the results. On the other hand, moral virtue is acquired by habit and does not come by nature. Virtue represents the mean between extremes. Therefore, moral virtue has to do with feelings followed by actions, where the mean is not always the middle of two opposite extremes. This chapter explores utility.

Abuse of Power

The person that abuses power finds him- or herself facing a dilemma. That person must choose between gaining benefits at the cost of harming the person they are abusing or self-restraining their handling of power and avoiding harm to others, as they sacrifice any possible gains or enduring a reduction in personal benefits or even oftentimes a loss. Fear of unemployment makes workers generally want to protect their jobs and definitely avoid any confrontation with their boss, which may lead to enduring power abuse in silence. The abuse of power practice is common, since managers have the opportunity to take advantage of their subordinates for their own benefits. What really varies is the level of acceptance and the treatment that must normally include means and ways of protection and punishment. This chapter explores abuse of power.
Sexual Harassment Laws and Their Impact on the Work Environment

This chapter examines the impact of sexual harassment laws in a work environment. Different contexts are examined with different sexual harassment laws. The most vulnerable individuals are identified. The particular case of Lebanon is inspected where few laws regulate this matter. A comparison is established with the USA. Lebanon and the United States have a different view of sexual harassment. In Lebanon, no clear laws protect women. In addition, Lebanon is more tolerant than the United States. The difference in cultures also contributes in people’s willingness to disclose harassment. In the United States, people are used to the concept of right and a judicial system that preserves it. In Lebanon, such a matter is taboo, and people are discouraged from disclosing to preserve their reputation.

Monopoly Abuse

Monopoly is the case when a firm provides products or services to which there is neither competition nor a near substitute, dictating price and quantity produced. Monopolies raise concerns of unethical business practice because they perform acts of conspiracy and collusion. Consumers will be buying needed products at unfair prices and questionable quality standards. The instrumental approach is when a company performs monopolistic behavior in order to maximize company profits and satisfy corporate shareholders. The social approach is when a company seeks the good of the greater environment, looking beyond the benefit of shareholders. Monopolistic behavior may provide certain positive advantages like helping expand different industries, generating a lot of capital into the business cycle, introducing innovation, and bringing a solution to some major economic problems. Disadvantages of monopolies are mal-distribution of the social product, decreased economic national growth, and increased unemployment levels, blocking competitive markets, and lacking socio-economic efficiency. This chapter explores monopolistic abuses.

The Ethics of Social Media and Network Security: Issues in the Workplace

A definition of modern social media leads to the characterization of advantages and disadvantages of social media in the workplace. The characteristics of social media are: reach, accessibility, immediacy, and permanence paradox. The extent of media invasion of privacy is discussed in this chapter, and ethical dilemmas are raised. Social networks are regarded as the main reasons for the decrease of productivity and other unanticipated confidential problems, which a company may face. Furthermore, the implications of security alerts lead to a dilemma between individual privacy and common interest. Different types of attacks might interfere with an existing functional network. Relevant current issues in Network Security include: authentication, integrity, confidentiality, non-repudiation, and authorization.

Environmental Pollution

Environmental ethics is the part of ethics that inspects questions of moral right and wrong relating to the management, defense, or endangerment of the natural resources available to us. Environmental ethics falls under the universal ethics theory. It does not seem fair to people from the future that we are consuming
the world’s resources now and leaving just a little to them, and that we’re leaving the world polluted and in a situation worse than it once was. This can be explained through three different perspectives: the utilitarian perspective, the deontological perspective, and our duties to others based on our rights. This chapter explores environmental ethics.

**Climate Change: Global Warming Mitigation or Adaptation**

Growing economies of less advanced countries carry part of the mitigation load of climate change. A logical framework analysis identifies the economic impact for mitigation of climate change in less industrialized economies where climate adaptation seems to offer better prospects of feasibility. Financial instruments are proposed within development of a strategic action plan in mitigation of climate change. An implementable policy matrix is formulated accompanied with a set of performance indicators that are coherent with the action plan. Challenges that are specific to growing economies are identified. Recommendations include lessons learned and limitations of alternative renewable energy sources.

**Tax Evasion**

Tax evasion is considered by the international laws and domestic laws of most countries as a form of fraud. In most countries, a gap exists between the expected tax revenues and the tax revenues that are actually collected. This gap is naturally due to tax evasion. Understanding why individuals and organizations evade taxes is the first step in reducing the aforementioned gap. For a taxation system to be well received and accepted by both the state and the public, it has to be just and fair, clear and precise, and take into consideration the interest of both the state and the citizen. This chapter explores tax evasion.

**Media Bias**

A solution towards media bias would be quite hard since it is somehow part of its culture, but an attempt can be made by allowing watchdog NGO organizations to enforce the law when a breach is in evidence. Then any fine charged should be given to the organization. This way the organization is motivated to continue strict and proper monitoring. An ethical dilemma surfaces when it should never have arisen in democratic society. Give the people truthful and fair accounts of events and be regarded as non-patriotic or defend the country with any means or tactics. Journalistic ethics is most sensitive in situations such as these when disagreement is seen as disloyal. This chapter explores media bias.

**Corporate Social Responsibility**

The impression that business enterprises have some duties toward society beyond that of making profits for the owners has been around for centuries, and it is still, today, at the core of the business ethics debate. The social responsibility for a business is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, appealing in open and free competition without dishonesty or fraud. In order to effectively communicate CSR, corporations should be transparent, use third-party verification, remember the workers, explain their metrics, and be proactive. The benefits of CSR are corporate reputation and enhanced brand image, earning and maintaining social license to operate, establishing reputation with investors, reducing and managing business risks, competing for
access to resources, attracting and keeping employees, maintaining employee morale and productivity, meeting changing stakeholder expectations, and eventually improving the bottom line. This chapter explores corporate social responsibility.

**Nepotism in a Family Business**

Nepotism in both its bad and good scopes is not mainly a result of national socio-cultural variances, nor is it the outcome of a global dispersion of morals and standards across nations. Rather it is a culturally driven business practice. Nepotism occurs when traditional forms of interaction are replaced by modern forms without a corresponding modern substitution for traditional social morals. For the successful use of nepotism, family members must meet certain qualifications such as an appropriate educational background and outside work experience. Outside work experience is the most important. In addition, corporations who hire family members should inform them that they will be fired in the case of unethical or illegal behavior no matter how closely related to them they are. This chapter explores nepotism.

**Whistle Blowing**

Whistle blowing brings to the notice of the world wrongdoings and immoral acts. It is seen as an act of defense for proper action for any misconduct, which is at play between individual coherence and organizational values. Whistle blowing is an important way to prevent and deter fraud, waste, and abuse in organizational work environments. When employees are feeling uncomfortable with wrongdoing, which necessarily arises in organizations, their sense of morals also come into effect, which compels them to make any wrongdoing or unethical act public. In essence, the interplay of policies and its discourse that make it mark in organizational realms figure within that morality consideration; morality permits individual to act morally and reasonably. This chapter explores whistle blowing.

**Toxic Waste Disposal**

Recognizing the severity of the toxic waste disposal, approximately 50 countries signed a treaty in 1989 seeking to regulate and control the international shipments that contain toxic waste materials. However, the primary challenge that hinders the proper disposal of hazardous waste remains the high costs of disposal and the time-consuming nature of the disposal process. These two factors constitute the main reasons why some companies seek out clandestine means to dispose of their toxic wastes instead of adhering to the laws and regulations, thus endangering both the environment and the health of surrounding living beings. A proper disposal system is essential to guarantee the safety of living creatures, as well as the welfare of the surrounding environment. However, sometimes that is easier said than done, and even disposal techniques that abide by the relevant laws may have unforeseen and devastating consequences on the lives of the employees carrying out the disposal process. This chapter explores toxic waste disposal.

**Advertising Deceit: Manipulation of Information, False Advertising, and Promotion**

Deceptive advertising denotes a producer’s usage of mystifying, deceiving, or blatantly untrue statements when endorsing a product. There are several illegal methods for attempting to deceive consumers. This can be done through concealed fees or the usage of surcharges. Deceptive advertising can also take
place when “going out of business sales” charge consumers more for products that had already been marked down. Advertising law identifies the manipulation of standards as dishonesty under customer law. Undefined terminology is also considered a violation under consumer law. Marketing deceit is a practice that can equate to a crime. Thus, a marketer should not get involved in deceiving their potential customers for this manipulation would lead to various harms: it erodes one’s self-confidence and hinders the development of responsible advertising. Big companies make big mistakes, this is to say that trust associated with big companies holds severe uncertainties. This chapter explores advertising deceit.

**Plagiarism**

Plagiarism is easily differentiated from piracy. Piracy is the sale of qualified but unauthorized copies of a work, an action grudging the author of profit but not credit. Depriving authors of profit that is rightfully theirs is theft, but plagiarism focuses on ownership credit rather than profit. The main worries for plagiarism are its influence on creativity, motivation, and ability to think in alternative ways. These qualities of personality may be negatively impacted by habitual plagiarism. Moreover, the various impacts of plagiarism are lack of information authenticity, fake credit, personality faults, spoiling of professional reputation, and destroying the create-ability of creative professionals. This chapter explores plagiarism.

**Bribery and Corruption**

Bribes are mainly directed at government officials, although they could be directed at the employees and managers of business firms. However, bribery appears to be a self-defined crime. Bribery of small public sector employees is a white-collar crime. However, bribery also exists in high-level decision-making processes, whether political, economic, or corporate situations. These are large-scale bribes, consisting of millions and/or billions of dollars, paid out to executives and public officials in return for construction contracts, oil contracts, telecommunication contracts, etc. Although punishments exist and are implemented, it is up to the individual alone to make the final decision and choose between personal moral value system and personal welfare in opposition to serving the public welfare. This chapter explores bribery.

**Piracy of Intellectual Property Rights and Copyright Infringement**

Originators of books, songs, or movies spend a lot of time, effort, and money to come up with their creative work. In order to protect the value of their production, they issue a copyright. This copyright entitles them to benefit from profits (royalties) and at the same time prohibits others from illegal reproduction without permission. From an ethical perspective, the impact of piracy affects a number of stakeholders such as consumers, artists, and government. Consumers benefit from low prices and suffer when they find out that they have purchased a poor quality product from online websites or when they do not receive the products they paid for. Artists or producers suffer as they are deprived from collecting their royalties. This negatively affects companies due to losses in revenues. Governments are incapable of collecting taxes from the revenues. A number of solutions are available to combat piracy. This chapter explores intellectual property rights and copyright infringement.
Ethical Yielding

Customer Profitability Analysis (CPA) is a procedure that provides management with information related to customers that will allow them to manage revenue from a profit perspective. The data attained from CPA will assist with decisions regarding marketing, product development, and capacity management to create a customer mix, which will provide the best profit results. BAR means the best available rate, in which a regular customer is charged in case he has approved to reserve. The various stages of yield management include: 1) grow a profit culture, 2) study the overall demand, 3) create price value relations, 4) form suitable market segments, 5) evaluate the pattern of demand, 6) find the failures and denials, and 7) assess and review the system.

Financial Fraud: Embezzlement, Ponzi Schemes, and Credit Fraud

Fraud is a deception deliberately practiced in order to secure unfair or unlawful gain. Financial crimes affect private individuals, companies, organizations, and even states, and have a negative impact on the entire economic and social system through the considerable loss of money. It is very difficult to estimate the amount of money of fraud around the world since most of the transactions will never be actually reported. Announcing any fraud incident could affect negatively the company that is reporting, since any publicity would make customers lose their confidence in the company and therefore the price of the share would drop significantly. Therefore, companies would not be willing to reveal any assumptions of fraud and would try to keep the whole story away from the media and stakeholders to minimize negative outcomes. This chapter explores financial fraud.

Child Labor

Child labor is a social problem invading the world and especially the less developed countries where educational levels are low. Despite the laws that are enforced each year by international agencies to prevent child labor, reality does not reflect the efficacy of these laws. Two cases, one international and one local, reflect how abused children are being treated around the world and how their rights are being invaded. Illiterate poor families as well as businesses contribute in taking advantage of child labor in serving their own profits, especially with the lack of strict regulations that abolish this issue. Child labor is an issue that cannot be neglected and a human right concern. It is affecting children negatively because they are being exploited and forced to work at a very early age, while other children are getting educated and having a proper childhood. This chapter explores child labor.

Organ Selling: When It Becomes a Business

Citizens of underprivileged areas submit to temptations and end up selling their organs for their great need for money. Some say that it is a personal choice and that each is responsible for making such a decision, while others believe that such a transaction is inherently unethical. In reality, the exchange of an organ for money does not end well most of the time. Quite often, the gangs and doctors receiving the organ fail to abide by the agreement leading to the ethical dilemma resulting from organ selling. Organ
selling should never be legalized since there would always be a price war and its effects could not be confined. People by nature are greedy; thus, leading to black market again. Moreover, the demand is much more than the supply; thus, there is no specified criteria for who receives the organ as any method used would eventually lead to more complications.

Real Estate Valuation Fraud

Valuation profession is a link between the borrower and the lender. Fraud is an intentional deliberate deception committed for illegitimate personal gain. There are several forms of real estate fraud, especially when the real estate market is facing a boom. The most widespread types of real estate fraud include the preparation of two sets of settlement statements, property flipping, and fraudulent qualifications. There are mainly three types of valuation to look out for. Valuation may be received from an unauthorized agency. Furthermore, a real valuation may be altered from the original to generate profit. Thirdly, intentional inflation of the value of a property will hide the real market value. It is usually difficult to spot real estate fraudulent activities, so deep investigations and professionalism is needed. This chapter explores real estate fraud.

Illegal Drugs in Lebanon: Recreational or Medicinal… Who Is the Victim?

Based on utility, Lebanon is pursuing illegal drug trade activities for the monetary value they offer. The ethical dilemma is that Lebanese law prohibits drug plantation, yet the government is implicitly encouraging these activities, thus the contradiction and the corruption dilemma. On a pharmaceutical and economical level, drugs have a positive outcome, but on a recreational and abusive level, drugs can be very harmful and sometimes deadly. They are not dangerous because they are against the law; they are against the law because they are dangerous. Lebanon should legalize some drugs, the ones that have minimal negative effect on consumers. Therefore, Lebanon’s economy would still benefit monetarily from this industry, while making the life of the farmers much easier, and maybe give the chance to poor rural areas to offer security and a moderate level of living. This chapter explores illegal drugs in Lebanon.

CONCLUSION AND IMPACT

This book promises to serve multiple purposes. Whereas it started as a depository of investigative concerns regarding practical business dilemmas, it has evolved into a research synthesis of prominent literature in every one of the issues investigated. At last, it appears to be an obvious stand-alone learning instrument that can be structured within a curriculum of higher education in any school of business. This book will hopefully serve for many years as a university textbook in business education. Furthermore, it promises to evolve in subsequent versions with updates on specific topics of interest, while it will also open new domains of investigation in recently evolving fields of business communications and crisis management, such as Web security, privacy, and biotic cloning.

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