

ETHICAL ASPECTS IN BUSINESS

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Abstract. This paper aims to define the main ethical aspect in business, the relationship between business and shareholders, employees, consumers. In modern society, is important to know how to support good ethics in business, how to act ethic in business, understand the moral responsibilities, understand the responsibility for company assets, know how to seek guidance on ethics issues in business.

Keywords: Ethics, business, shareholders, consumers.

INTRODUCTION

The word “ethics” comes from “ethos” which is a Greek word originally meaning 'the place of living' that can be translated into English in different ways. Some possibilities are 'starting point', 'to appear', 'disposition' and from there, 'character'. From the same Greek root originates the word *ethikos*, meaning 'theory of living', and from there, the modern English word 'ethics' is derived.

The concept of morality derives from the Latin word *mos, mores* which means ‘custom’, ‘tradition’, ‘habit’: the totality of the standards which settles the moral behaviour of the people (the familial medium, place of work, society). The functions of ethics are *cognitive* (the knowledge of the moral acts, of the principles and the norms of the moral life), *axiological* (the existence of a proposed hierarchy of human values from a moral point of view) and *praxiological* (normative: it regards the correctness of the human action and *how it must be*).

MATERIAL AND METHOD

To achieve the objectives of this article, the method used was the analysis of the documents done in the past and who treated this subject. Document analysis is a fundamental source of social research in social sciences and, thus, in sociology and rural sociology. There are some differences between an individual right to dispose the way he wishes of the goods that belong to him as an exclusive property (if respecting the legal procedures he can reshape his firm, to extend or restrict it, to sell it partially or totally, to employ or dismiss people, etc) and the right of the shareholders within the reported corporations, as joint-stock company, in the ‘public capital property’.

Ethical aspects and responsibilities of the joint-stock companies: *localization of control*: the owner do not directly the firms activities; the leading functions belong to the director, managing board, etc; *the segmentation of property*: none of the shareholders can consider himself as an owner because they share the property, *the division of functions and interests*: the shareholders and the managers can have different interests; the first-ones pursue above all the profit, meanwhile the others have as a purpose the development of the company.

Rights of the shareholders derived from the right to property are: the right to sell their stock, the right to vote in the general elections of the shareholders, the right to have certain knowledge about the company, the right to proceed against the managers in case of an unfair behaviour, residual rights in case of bankruptcy. The managers' obligations are to act in benefit of the company (financial performances on a short term, respectively the long term development of the company); competence and seriousness; the total engagement of the managers concerning the company's activities; the managers have to invest all the efforts for the firm's success. The "conservatives": the shareholders' interests come first; their opponents sustain that, being the owners, the shareholders have more responsibilities than other groups of participants. The major investors own, in connection with the big sections of a company's capital, the control of the society unlike the small investors that have a minimal responsibility regarding the firm.

The "*broad of directors*" – supervises and controls the management's activity.

The "*dual structure*" of the corporation's leadership defines itself through: the executive directors – they are responsible for the effective leading of the company's current activities; non - executive directors – they verify if the company's activity attends to the shareholders' interests in a competently, efficiently and correct way, legally and morally speaking. If we take into consideration the *English-American model*, we have a single broad which comprises both the executive and non-executive directors. The *European model*, contains two levels structured broad: the superior level, consisting of non-executive directors and the inferior level, consisting of executive directors. The central ethical problem refers to the independence and the authority of the members that have non – executive functions. These can act efficiently in favour of the shareholders if they are no conflicts based on different interests. That is why the non – executive directors must: come mainly out of the corporation environment; have no personal material interest regarding the corporation, just some reasonable wages; have a short-term mandate; have the needed competence in order to supervise the corporation's activity; have sufficient knowledge and enough authority within the framework of the corporation; be named independently, may it be by the general meeting or the supervising broad.

The non – executive directors should be impartial, trusted as being professional and moral. The main ethical problems in the relationship between shareholders and managers: There is more and more often noticed the influence of the English-American model; in order to avoid interest conflicts between managers (they purpose being higher benefits), the resort to giving the executive directors not just wages, but also part of the stock; this should rise their interest towards the development of the firm. The risk is represented by a sudden "explosion" of the managers' salaries, without counting with a concrete bettering of the corporation economy. The globalization also has repercussions on the executive function's "market", the tendency being an alignment at the higher international levels. *The buying of stock* can be considered as a way to force the corporation into being responsible for their ethical behaviour. The investors must be educated in order to have *moral responsibility*, they should be concerned not only in the profit of their investment, but also in the moral correctness and social responsibility of the company where they possess stock. *The ethical investors* usually avoid companies that produce alcohol, cigarettes, and armament, etc.

RESULTS AND DISCUSSIONS

It would be ideal for the market economy to offer to "perfectly informed" consumers, the possibility to buy the most convenient products for them. The reality is that,

in many cases, the producers' interests do not coincide with the consumers'. In the centralised economy, "at order", similar to the Romanian economy during communism, the producers (or rather the political leaders of the economy) have a decisive role for the market. In the market economy, ruled by the relation between demand and offer, the competition between producers displays itself on criteria such as quality and quantity, the goal being to attract customers. These have to own believable information about the goods and services they may choose. In the market economy the customers should have the total decision power, but thanks to experience and other abilities (including manipulation skills) the producers and the merchants have an advantage upon customers.

The "rhetoric" regarding customers offer: an image of some exacting customers (for who we have the next expression "our customer - our master"), the image of a partial victim customer (for who are necessary special laws and programs for the customer's protection).

Not everything that the customer wants and asks for is moral: drug-selling, pornography trade. In the Islamic countries, to produce alcohol is ethically disputable, even legally accepted. To counteract the monopolistic practices there has been established the *Consumer - protection laws*. The agreement between firms concerning prices is forbidden by the law. The consumer should benefit by correct information about goods and services, in the interests of consciously making the best choices. The ethical problems referring to the relationship between business and consumers report to: product policies, publicity, prices, the distribution practices. These represent the instrument of market policies called the "marketing mix".

1. *The product policies*: the consumers have the legally assure *right* to a market based only on *reliable goods and products*.

2. *Publicity*: the advertising is an aspect of the marketing communication –publicity – which also includes the techniques and styles of sale, advertising campaign, marketing polls, public relations and other communication devices used for the consumers. The functions of publicity are: to present the offer of goods and services; to persuade, in order to convince the consumers to buy different products. The entirely ethical behaviour of a firm excludes *cheating* and *misinforming* and it requires respecting the *ethical* norms of publicity. These norms mainly report on the correctness of the information as an equivalent of the advertising's object. Some ethical interdictions concerning advertising: to not violate the consumer's privacy; to not create artificial desires; to not stimulate consumerism (often mistaken with happiness) and the vulgar materialism; to not generate continue discontent and insecurity; to not promote only some social stereotypes (they can contain an injurious character towards certain categories of persons and life-styles).

3 *Prices*: the right to fair price is an essential right of the consumer. The "dangerous zones" in the price policy, practices that have an important ethical implication are: the excessive increase of the prices; the arbitrary establishment of prices; dumping prices; specious prices.

The violation of the consumer's rights to a just treatment is done in the following situations: the attack of certain markets owned by some "vulnerable" customers (children, aged people, poor people), and the discrimination and exclusion of some customers when it comes to strictly necessary products (the consumers with low wages need to appeal to credits). The ideology in the *ethical consumption (consuming)* promotes the deliberate decision of buying different products and services that satisfy both the utilitarian and economical needs of the consumer, and also correspond to his moral values and convictions.

The manifestations of the ethical consumption are: the boycott of the firms that are accused because of their social, ethical or ecological policy; buying products that have not

been tested on animals; the refuse to buy products made in the third world countries, by physically and mentally exploited grown-ups or children; the preference for organic, recycled products; the increase of the Western European number of consumers that also take into consideration the *ethical criterions* when they evaluate the firms on the market and their products.

CONCLUSIONS

The management of the “human resources” means both application of some economical criterions that define people as some instruments meant to practice certain functions and some ethical criterions according to which a person cannot be treated as simple instruments. Fundamental rights are: The right to work (subscribed in *Universal Declaration of Human Rights* and *Charter of Fundamental Rights of the European Union*, *The Convention for the Protection of Human Rights and Fundamental Freedoms*, also known as the *European Convention on Human Right*), derived from the right to life, the right to respect. The relation between the right to work and the employees and shareholder’s rights consist of the fact the company exist as long as is profitable; this is where the right to property and the right to free willing employment on the labor force market. As a conclusion, the right to work in the market economy does not mean that every single individual has the right to a job; The right to an equitable salary. The income depends on the work’s value which means that it is related to performance; The right to proper work conditions (conditions that should protect the employees’ physical health and mental integrity); The right to discretion towards private life. The employer can interest himself of the skills and the professional trajectory of his employees, and also of the relationship between the wage earner and the clients, and the company’s rivals. Although some consider that the medical checks and the doping tests violate the right to privacy, these tests are justified both for the employees’ health and efficaciousness, and for the firm’s profitableness and the consumers’ safety.

The moral obligation of the employees are competence, diligence, honesty, loyalty to the company. As their rights, the duties are also subscribed in the work agreement. The competition between employees must exclude improbity, lie, handling, stealing, the violation of someone’s privacy, calumny, etc. The “hostile ambient” refers to a form of harassment, to inadequate commentaries at the place of work, obscene gestures, indecent jokes, vulgar language.

A way to solve the Romanian consumers’ problems is education, so that they are able to defend their interests on the market. An activist attitude in favour of the consumer’s rights is also needed.

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