

Barbara Boakye

Business Ethics Scholarship Essay

To quote Nobel Prize winning economist Milton Friedman, “There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” This quote displays Friedman’s belief that businesses should focus on shareholders. While I am no economist, my three years as a business student has lead me to believe that the function of business, along with generating profits, is to mold resources in a way that’s adds value to the life of its consumer. At their core, businesses are servants of their stakeholders and not only their shareholders. They add value by producing goods and services that improve the standard of living and bring individuals satisfaction. Still, we must acknowledge that businesses operate in extremely competitive environments in which failure to reach financial goals can spell the end of a company’s existence. It is these characteristics; the prominence of business in our society, and the cut throat nature of the markets in which they operate, demonstrate why ethics is so critical in the realm of business. Ethical behavior involves identifying right and wrong behaviors and opting with the right one. More specifically, business ethics are the moral principles that guide the way a business is operated and managed.

There is no checklist for moral values, and ethical behavior can come in different forms. For a bank it may look like communicating the features of its financial products clearly and accurately to its customers. For an automobile manufacturer, it is taking the time to carefully assess the safety of its parts, and for a big chain retailer it is fair wages for even its lowest paid workers. While these industries vary greatly and examples of ethical behavior many not be one

size fits all, principles such as honesty, fairness, and compassion make ethical behavior more intuitive. For this reason, it is important for businesses to adopt their own principles that serve as guidance for its employees, and dictate the way it interacts with the general public.

Like many other business decisions, ethical behavior can come at a cost to the company. The bank may lose a client, and the automobile manufacturer may be forced to shut down dangerous but profitable operations. However, the long term benefits of ethical behavior far outweigh the short lived losses. For starters the consumer trust and loyalty that comes as a result of ethical behavior is priceless. Conversely, unethical behavior that results in the loss of consumer trust can be devastating and difficult to recover from. Doing the right thing also helps businesses attract and retain talented and morally upright employees who will contribute to the overall positivity of the workplace. Companies can also avoid legal troubles and further develop their brand reputation by staying true to their morals and values.

Ethical behavior should be a necessity and not a choice for businesses. As entities that serve to better society, businesses have a responsibility to ensure that their quest for profitability doesn't impede on their duty to the public. Ethical behavior is woven into the fabric of every good business and one cannot exist without the other.