

## Discussion Forum

### Probing into the Position and Perspective of Business Ethics Research

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Is the study of ethics a scientific or a practical proposition? To determine whether a study can be classified in the areas of science, a simple test is that, if it dares to ask “what” and “why” questions. The task of ethics research is to explore the origin and law of human activity, behaviors, interaction and its positive and negative effects on their objective and subjective worlds through the objective phenomenon. The purpose of research on ethics is to identify the reasons for human thought and activity, facilitating human beings to be harmonious with the objective world and feel at ease with the subjective world in the present and future as a community. As Bertrand (1910) said, “the object of ethics, by its own account, is to discover true propositions about virtuous and vicious conduct, and that these are just as much a part of truth as true propositions about oxygen or the multiplication table” (p. 3). It is obvious that ethics is a legitimate human science, exploring truth systematically. Thus, the study of ethics is not something outside science and it is one among the sciences.

For a long time, the scholars have held three distinct misconceptions in ethics. The first positions ethics along some form of ultimate question in the philosophical tradition, fearing that research on ethics will turn to secularization. The second tends to nullify the fundamental mission of ethics by blending ethics with culture, while the former requires comprehensive exploration of right and wrong, or good and evil, from the perspective of humankind, thereby providing excuses for ethical relativism and extreme subjectivism. The third is short-sighted and even dangerous; it conceives of ethics merely as a set of codes for group behavior, and chooses to ignore its scientific inquiry. Even worse, such misconception in ethics more often helps to create the basis for conspirators with intrinsic political agenda in the form of dogmatism. As a humanistic science, ethics needs to answer three questions: “what it is, “what it should be” and “how it should be”. These questions lead to the production of three distinct but interrelated systems: meta-ethics, normative ethics and applied ethics.

With commercial activities increasingly penetrating and even dominating every facet of human life, business decisions exert profound impact on human values. As a branch of applied ethics, business ethics rises in response to the renewed demand of reality, with a momentum of ascending development. According to the three systems as outlined here, business ethics aims at exploring the motive and consequence of policymakers’ behaviors, constructing value criteria for the business world, evaluating, analyzing, and guiding specific business practices, in order to promote the prosperity of business and harmonious development of human society and natural environment.

Two big abuses in the study of traditional ethics weaken its application to business activities. One is the Exegetical Doctrine, where researchers are usually keen to refer to Greek philosophers, Confucius and Mencius. The phenomenon, which esteems the past over the present, is particularly acute in China. For example, Confucius, who lived at the end of the spring and autumn period, advocated the rule of the

crumbling Western Zhou Dynasty. Mencius, who lived in the warring States period, frequently refers back to the rules in the Yao and Shun Period. Subsequent scholars, such as Dong Zhongshu and Zhu Xi, thought the doctrine of Confucius and Mencius to be divine and transformed the same rules into mystified and dogmatized rules. Another abuse is the lack of pertinence to the business world. The main reason for this is that those who identify themselves as scholars of ethics tend to have much disdain for the business environment, possibly because they often know very little about it. Scholars who perform well in the study of commercial value tend to be associated with economics. Indeed, ancient Greece, as well as ancient Rome, Egypt, India, China, and other ancient civilizations have accumulated an abundance of life philosophy and wisdom, but the foundation upon which the civilizations grew is city-state and farming culture. Thus, these ancient civilizations have always indulged in citizen politics, clan patriarchy and cardinal guides of monarchy, refusing to go beyond the limits of their respective focus and environment. Since the 20th century, new concepts, such as industrialization, informatization, and globalization, have sprung up. On one hand, companies gathered and allocated social resources as a legal person, to promote, to deepen and to spread the new civilization's achievements. On the other hand, they completely smashed the interpersonal structure of traditional citizens and agricultural society. Especially after the emergence of stock markets, driven by informatization and globalization, public and multinational companies started to control politics, the economy, culture, etc., at all levels in society.

As a result, new substantial concepts, such as the collective rationality, limited liability, agent, transaction costs, related-party transactions, professional ethics, competition law, the value chain, and the stakeholders created severe challenges to researchers. The challenge is unprecedented. We can act as archaeologists to excavate flashy and concise wisdom from ancient sages to interpret and criticize the current business world.

The reason is understandable: ethics research cannot be separated from an era in which it is embedded and relate the same within the current era in which it is interpreted. Furthermore, ethics research cannot avoid inspecting from the vantage point of the latter. Needless to say, research that purely relies on philosophy and logical inference is tantamount to the researcher's narcissism.

At a macro level, business ethics belongs to the category of economic ideology. From the vertical perspective, it is a historical research and from the lateral view, it is research, which implicates culture, systems, and development. So far, the subject cannot be separated from the realistic society, which is dominated by business. Taking China for instance, from as early as the 1930s, Zhao Lanping, an economic thinker, comprehensively denied economic concerns in ancient China: "compared to the economic science in western countries, the economic thoughts in ancient China are worthless" (Zhao 1993, preface). After more than 30 years, a Western scholar echoed the argument: "In the ancient culture of eastern countries, there is probably nothing which is comparable to the good start in the economic analysis conducted by the medieval Western Scholastics" (Taylor, 1956). For Eastern scholars with nationalistic fervor, it seemed to imply a kind of frustration. They are eager to explore treasures from the ancestors' think tank to highlight nationalist self-confidence, then to show off the so-called unique advantages. What is unknown to them is that the doctrine of Confucius and Mencius was a mere strategy of ruling the country and behavior of people during the transitional period, from a slave society to a feudal society, and had no relationship with the mainstream business community. Purely from the perspective of wisdom and culture, of course, that is an invaluable heritage. However, some scholars risk

interpretation out of context in order to pick up some universal intellectual survivors from the ancient wisdom to enlighten modern people. It is wrong if ancient wisdom is presented as the guide for modern business ethics. Furthermore, it may become a joke in relevant fields upon textual criticism, just the same as “A Study of the Reforms of Confucius (Kongzi gaizhi kao)” written by Kang Youwei who deliberately misinterpreted Confucius in order to legitimize his propositions for reform in the late Qing Dynasty. It also reminds us that the tendency to conceal one's faults goes against the scientific spirit, and the scholars have to struggle against any kind of complex. That is because scientific research requires rationality and attitudes to be rational. Only researchers aiming to be impartial can extract theory from the complicated history and reality, which can stand up to the test of the objective world and history.

Since the fertile ground of developed market economies in European and North America nourishes the idea of business ethics, does this mean that we should completely accept ideas from Western ethics? No, and the reason is obvious: although the market economy in China is on the way to prosperity, the commercial ideology and the code of ethics and behavior still bear the imprint of the traditional political system, economic system, and cultural inheritance. The Chinese spirit cannot be completely overwritten in the process a marketization despite its closer interactions with the global economy. On the contrary, in many ways, the Chinese spiritual world will be further consolidated although it continues to be a mixture blessing with curse. Therefore, the daunting task in front of Chinese business moralists is to transverse national borders and critically identify those values that provide aspirations to contemporary practices while maintain their academic integrity.

All of this has provided a broad field for the ones who focus on exploring China's business ethics at home and abroad. But there is one crucial point in Western ethics we should learn with a humble heart: consistent rationalism. To dissolve this idea in the field of economy, we must become aware that competition consciousness and the spirit of contract have already become the basic ethical principles in global business life. By contrast, although Western structuralism (together with de-constructivism) and positivism have already laid the foundation of natural science, they also dilute their imagination in the realm of human relations and in the satisfaction of Eastern aesthetic feelings. Although Eastern and Western ethics do not have the same origin, there is no evidence that they cannot merge.

In the end, if Western rationalism and Eastern idealism can learn from each other and realize an organic integration, it may form a beautiful whole of ethics. Although the reactionary voice is stirring with the propulsion of the two engines, informatization and globalization, we approach this whole with a firm attitude. After all, the moral intuition of merchants cannot be trusted, and it cannot constitute the sources of ethical knowledge. Therefore, scholars in this field ought to seize this historic opportunity and make contributions to accelerate the combination between Eastern and Western ethics.

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**BOOK REVIEW****New Business Ethics**By **Liu Guangming**

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Business ethics refers to the code of conduct and guidelines of handling business relationships among businessmen, and it can be regarded as a code of conduct and guidelines which all parties in business activities must comply with; on one hand, it refers to the attitudes which the businessmen hold towards all trade relations and, on the other hand, it also stresses how to carry out moral self-discipline in trade relations among businessmen.

This *New Business Ethics* book covers the domains of enterprise, business, ethics, etc., and describes the essential business ethics for enterprises in modern market from the perspectives of philosophy. The author gives cogent arguments for every section through his own relevant cases. I would like to discuss these sections that impressed me most in this review.

The book is highly representative and persuasive that the author describes the spirit of business ethics in Harvard's words. The phrase "The fair and equal business ethics spirit" stated by Harvard when he came out from Trinity University to create the famous Harvard University, has become a strong mental strength for Harvard students for hundreds of years. Fair competition, equality, and mutual benefit are regarded as the principles for market economy, but there is a lack of these principles now-a-days partly because enterprises are eager to grab any chance to access the market, and to get profits regardless of the fact that they might be violating those principles in doing so.

The author uses Confucian thoughts to summarize the central idea of Confucian business ethics -- "getting righteous profits, advocating frugality, being rich but courteous and average wealth." The product of Confucian business ethics and business practices is Confucian merchants. And the Confucian merchants hold these values as guidelines in commercial activities which also constitute the main content of the spirit of Confucian merchants.

If we dutifully do business in accordance with the unyielding spirit, then, benefits will be included. The biggest benefit is that we live in a buoyant mood and have a clear conscience, which has nothing to do with money. Wealth is neither something you can acquire undoubtedly nor possess perpetually. Therefore, we need not deliberately advocate the pursuit of benefit but should be promoted to do what we must do and what we can do at this moment. The idea is one of valuing thrift and temperance: On material consumption, Confucius put forward this requirement to both the rulers and the ruled--- do not to be arrogant and extravagant; never indulge in a life of pleasure and comfort.

The behavioral manner of being rich but courteous is important. Confucius spoke highly of manners, and in his opinion, only the rich with manners is eligible to consider his wealth to be justified." Wealth and rank are what every man desires, but if they can only be retained to the detriment of the way he

professes, he must relinquish them. The Way is the connotation of manners, and only the wealth acquired with the Way is justified and should be respected; therefore, the rich people can be thought as mannered. On the basis of this idea, the spirit of being positive and hard-working when one is poor and being helpful and charitable when one is rich has formed, and has a profound influence in the formation of business ethics in later generations.

Philosophy of “average wealth” in wealth distribution: Here involves the legitimacy of allocation, only the social wealth to be distributed evenly can maintain the social stable. However, “average” in Confucius thoughts means to be in accordance with manners. What calls for special attention is that the distribution is average in each class, rather than in the whole society. The thought of “Not to worry about poverty, but rather about the uneven distribution of wealth” is then deduced as the overall average wealth distribution in the whole society, and the moral requirement---able to gather, able to give away---in business ethics formed as a result.

The importance of personnel is self-evident for both the society and enterprise, and it had already turned into an important resource. Personnel are the essence of an enterprise, as they determine the enterprise’s success and failure. As long as the initiative and potential have been motivated, it will create more values and immeasurable effects. People’s potential is unlimited and just needs for us to develop it. If a man is eager to do something, anything will be possible. We must insist on personnel a concept that “as long as one is willing to learn and try, he or she can become a talent”; insist on the education concept that “both morality and ability are essential”; insist on the selection concept that “morality goes first, then to be trustworthy, reliable and capable”; insist on employment concept that “whoever is capable is to be promoted”; insist on activities that “creating a learning organization, being knowledgeable employees.”

Human nature contains two great forces under capitalism---one is self-interest and the other is caring for others. Capitalism has utilized the power of self-interest, and continued to be beneficial, but only served those who have the ability to pay. Those who have no money to pay for the service can only rely on government aid and philanthropy. The effectiveness of self-interest goes, without doubt, that most people are in this way to seek welfare, to seek their own interests; and some others, when at a certain stage of development, satisfy themselves through helping the ones in the negative position in order to achieve their own sense of accomplishment. The purpose of capitalism is the same whatever method they employ--- with direct profits from others or with indirect satisfaction and achievement in relevant areas.

Corporate culture coexists with its development. Corporate reputation is the ability that is formed when a corporate receives high social recognition and trust, and that can obtain great support and social status in the social network so as to obtain necessary resources and opportunities or resist a variety of uncertainty in the future. Corporate soft power runs through three aspects: the soft power of source, including the values, code of conduct, management science; the soft power of process, including organization mode, innovation, corporate culture and brand strategy; and the soft power of terminal, including social credibility degrees, corporate internal and external environmental harmony index. At the same time, enterprises should improve their core competitive power. The reputation for enterprise is as important as it is for humans and everyone. Every business is alive with dignity. In order to maintain their dignity, one may choose death before disgrace, and then it is obvious how important the reputation is for an enterprise. That is the appearance of an enterprise, and has certain relationships with an enterprise's goodwill, credits, and trademarks. The enterprise should comply with the business ethics to establish

corporate reputation: integration is the eternal law of business, and the golden rule of a Century's Standing Enterprise. If your product or service can or cannot meet the customers' needs, to be honest, is the key to obtaining customer loyalty. Corporate ethics, corporate reputation, and corporate image in the era of information economy (also called the eyeball economy) are of great significance.

Enterprises should actively initiate and undertake social responsibility, and be grateful. The original resource advantages of an enterprise come from the total scale and advantages of all organizations in the state. Therefore, the role which enterprises played can be matched by no other organization in the process of building a harmonious society. There is nothing different between business ethics and corporate social responsibility, and when an enterprise has developed to a certain degree, contribution to society is quite essential. It is the obligations and responsibilities that should be taken up by the enterprise and the contributions must be sincere.

The importance of brand; it would take a long way to create an independent brand, and by creating in a way of comprehensive innovation in all processes. Any world-famous brand is the result of long-time accumulation and innovation, and the result of comprehensive innovation in all processes, including concept, technology, market, and management innovation. Only by seizing the opportunity, turning pressure into motive force, and insisting on innovation persistently can the enterprise establish world famous brand. Without innovation of ideas, other innovation is impossible. The breakthrough of core technology is the important symbol for global competition and brand competitiveness.

Enterprises can't blindly pursue money, or else what they do cannot be regarded as business but as a speculation. The real business is not as easy as we think, and it is not just a tool and means of making money. A potential enterprise is the one that is equipped with a whole set of hardware and software; is the one that sets up long-term goals in case of getting astray, then turning into failure in the end. The ultimate goal of an enterprise would be the maximization of happiness for the whole society rather than the maximization of fortune for an enterprise. Producing wealth by enterprises is just one of the factors that can bring happiness. Whether people are happy or not depends largely on some non-economic factors that are irrelevant to absolute wealth.

The spirit of the entrepreneur is of full importance to an enterprise, because it shows direction and provides motivation for it. As the entrepreneur is the commander of an enterprise, anything wrong in his/her thoughts will get the whole company into trouble. What's more, the leadership charisma of an enterprise really matters, such as the strong will, the firm's faith and the broad mindedness, which is quite essential, and, especially, a sense of responsibility is needed when the company is in trouble. The leader must be big-hearted, for the personalities and principles varying in the staff. Person-job fit is one of the challenges to the leaders. Only when people are employed in suitable positions and inspired to achieve their potential can the enterprise develop at the same time. Morality precedes business. The style of leadership determines the style of the team, since birds of the same feather tend to flock together and the excellent always get together to achieve the common goals.