

## An Introduction to Business Ethics

Written by Administrator

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DesJardins, Joseph R. (2008) *An Introduction to Business Ethics*. McGraw-Hill, 3rd edition.

“Why Study Business Ethics? Why should anyone study business ethics? As recently as the mid-1990s, articles in such major publications as the Wall Street Journal, the Harvard Business Review, and U.S. News and World Report questioned the legitimacy and value of teaching classes in business ethics. Few disciplines faced the amount of skepticism that commonly confronted courses in business ethics. Many students believed that, like “jumbo shrimp,” business ethics was an oxymoron. Many also viewed ethics as a mixture of sentimentality and personal opinion that would interfere with the efficient functioning of business. After all, who’s to say what’s right or wrong?”

Throughout the 1980s and 1990s, this skeptical attitude was as common among business practitioners as it was among students. But this simply is no longer the case in contemporary business. The questions today are less about why or should ethics be a part of business, than about which ethics should guide business decisions and how can ethics be integrated within business. Students unfamiliar with ethical issues will find themselves as unprepared for careers in business as students who are unfamiliar with accounting and finance. Indeed, it is fair to say that students will not be fully prepared even within fields such as accounting, finance, human resource management, marketing, and management unless they are familiar with the ethical issues that arise specifically within those fields. You simply will not be prepared for a career in accounting, finance, or any area of business if you are unfamiliar with the ethical issues of these fields.

Why has this change come about? To answer this question, consider who was harmed by the collapse of Enron. Stockholders lost over a billion dollars in stock value. Thousands of employees lost their jobs, their retirement funds, and their health care benefits. Consumers in California suffered from energy shortages and blackouts that were caused by Enron’s manipulation of the market. Hundreds of businesses that worked with Enron as suppliers suffered economic loss with the loss of a large client. Enron’s accounting firm, Arthur Andersen, went out of business as a direct result. The wider Houston community was also hurt by the loss of a major employer and community benefactor. Families of employees, investors, and suppliers were also hurt. Many of the individuals directly involved will themselves suffer criminal and civil punishment, including jail sentences for some. Indeed, it is hard to imagine anyone who was even loosely affiliated with Enron who did not suffer harm as a result of the ethical failings at Enron. Multiply this harm by the dozens of other companies implicated in similar scandals and one gets an idea of why ethics is no longer dismissed as irrelevant. The consequences of unethical behavior and unethical business institutions are too serious to be ignored.

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Today, business managers have many reasons to be concerned with the ethical standards of their organizations. Perhaps the most straightforward reason is that the law requires it. In 2002, the U.S. Congress passed the Sarbanes-Oxley Act to address the wave of corporate and accounting scandals. [...]” (From the first chapter of the book, p. 3)